



HM Government

Part 2



Skills: Getting on in business, getting on at work



Skills: Getting on in business, getting on at work Part 2

**Presented to Parliament by
the Secretary of State for Education and Skills
by Command of Her Majesty**

March 2005

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Skills: Getting on in business, getting on at work

Part 2

department for
education and skills
creating opportunity, releasing potential, achieving excellence

dti



HM TREASURY

DWP

Department for
Work and Pensions

Introduction: Structure of Part 2 and Invitation to Comment

1. Part 1 of the White Paper sets out the overview of the Government's plans for the next major step in making this country a world leader in skills. It draws together the major strands of reform in meeting the needs of employers and learners, to show how the components of the Skills Strategy fit together.

2. Part 2 of the White Paper provides a more detailed and technical explanation of each major component of the Strategy, and how it will be implemented. Its chapters follow the same structure and sequence as the Part 1 Overview. They set out the progress made since the publication of the original Skills Strategy in July 2003, the rationale for the next stage of reform, and how it will be taken forward.

3. Part 2 contains the following chapters:

Chapter 1: Meeting the skills needs of employers, including the implementation of the National Employer Training Programme.	Page 3
Chapter 2: Skills for Sectors, including Skills Academies and Sector Skills Agreements.	Page 17
Chapter 3: Skills for adult learners, setting out the major steps in the progression ladder from basic skills to higher education.	Page 27
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Chapter 5: Reforms in the supply of training.	Page 59
Chapter 6: Partnerships for delivery, including a stronger role for Regional Skills Partnerships.	Page 67
Chapter 7: Action plan for delivering the reforms.	Page 75

4. Part 3 of the White Paper is a technical annex setting out the latest data and analysis on the major trends in skills and qualifications.

5. The Skills Strategy is primarily a strategy for England, reflecting the devolution of responsibility for education and training to Scotland, Wales and Northern Ireland. Each has developed its own strategies for skills and lifelong learning. However, some elements of this Strategy have implications for the Devolved Administrations, notably the work of the Sector Skills Councils (which have a UK-wide remit) and the Sector Skills Agreements.

6. Since July 2003, we have achieved good momentum in implementing the Skills Strategy, thanks to the contributions of many partners, including the Skills Alliance, colleges and other training providers. We want to increase that momentum by pressing ahead rapidly with the next phase of reform set out in this White Paper. But we welcome further comments and views. If you would like to comment, please complete the form at Annex 1 and return it by Friday 24 June 2005 to:

Consultation Unit
Department for Education and Skills
Area 2A
Castle View House
East Lane
Runcorn
Cheshire
WA7 2GJ

or by email to SkillsWhitePaper.comments@dfes.gsi.gov.uk

Chapter 1

Meeting the Skills Needs of Employers

Skills For Employers: What Employers Can Expect

The reforms in this White Paper, implemented as part of the Skills Strategy, are designed to deliver for employers a framework for skills and training with the following key elements:

- A commitment to deliver publicly-funded skills training in a way that is directly led by the needs of employers, as our contribution to a national partnership which promotes higher levels of investment and commitment in training by employers.
- More people with the right skills and qualifications to be effective and productive at work, through the reform of education and training for both young people and adults. That will cover skills at every level from functional literacy, language and numeracy, to technician, advanced craft, skilled trade and associate professional skills at Level 3, Apprenticeships, and through to higher education.
- Training designed and delivered in a way that best meets employers' needs, through the implementation of the National Employer Training Programme, offering:
 - A clearly identified 'first stop shop' for employers' business development and skills needs, backed by guaranteed customer standards;
 - A brokerage service, acting on behalf of employers, to help them get specialist help in identifying skills needs, including screening and initial assessment for literacy, language and numeracy skills;
 - Training programmes designed as a flexible package, sourced from a choice of high-quality providers and often delivered in the workplace. The training will be able to cover both informal development and training leading to qualifications, depending on the employer's needs;
 - Free training for employees needing to gain a better platform of employability skills, including literacy, language and numeracy;
 - A national service for large, multi-sited employers;
 - A long-term training relationship to help employers build the skilled workforce needed to achieve their business objectives.

Skills For Employers: What Employers Can Expect

- A much stronger voice for employers in identifying national, sectoral and regional skills priorities, and in shaping the framework for the supply of training to meet them. The main mechanisms are:
 - The network of Sector Skills Councils, developing Sector Skills Agreements;
 - Regional Skills Partnerships, ensuring that employers' skills and business support needs are integrated in regional economic development plans.
- Reform of training supply to create new Skills Academies as sector-based centres of excellence, and to develop a new qualifications framework supporting more flexible packaging of units of training.
- A stronger role for trades unions in promoting training in the workplace, particularly for low-skilled employees, in pursuance of the shared goal of raising employability and productivity for all.

Introduction

7. In the July 2003 Skills Strategy, we committed to introducing a more demand-led approach to developing skills in the labour market. Our goal was to ensure that the design and delivery of publicly-funded training put employer needs centre stage. That would be done by providing more training at a time and place convenient to them, and in a way that would support more ambitious strategies for business development.

8. That is part of a balanced package, which offers employers better support for skills and training, but expects in return a higher level of investment and engagement in training by employers as a contribution towards raising national productivity and growth.

9. To deliver these commitments, we have taken some major steps:

- a. The programme of Employer Training Pilots has been expanded to 18 areas, covering about one-third of England. Over 130,000 learners and nearly 18,000 businesses have benefited.
- b. We have put in place a network of 22 Sector Skills Councils, with three more in development, and begun developing the first Sector Skills Agreements.
- c. We have created an additional 11,500 places in 2004/05 on Foundation Degrees, designed with employers to meet higher level skills gaps. Nearly 38,000 students are now participating.
- d. The Government's Innovation Strategy, launched in December 2003, is supporting businesses to innovate in products and services, working with universities on knowledge and technology transfer partnerships.
- e. The Government's Science and Innovation Framework 2004-2014, published in July 2004, sets out the framework for future wealth creation, productivity growth and better public services through long-term investment in science and innovation.

- f. We are transferring to the Regional Development Agencies (RDAs) the management of Business Link services from April 2005, so that the range of support for Small and Medium-sized Enterprises (SMEs) can be integrated with Regional Economic Strategies. There is a simpler, clearer set of Department of Trade and Industry (DTI) business support programmes, including diagnostic and benchmarking services for business, delivered through the Business Link brand.
- g. We have launched an updated Investors in People Standard, with supplementary standards on leadership and management, work-life balance, basic skills, and recruitment.
- h. The new businesslink.gov service, launched in April 2004, brings together in a single website all of the Government's online information, advice and support services for SMEs.
- i. We have launched the first phase of the Employer Guide to Good Training, which helps employers choose the most suitable local training provider for their business needs.
- j. We have introduced a new programme for leadership and management development in SMEs, with a focus on informal learning, coaching and mentoring. The Management Standards Centre¹ and the Sector Skills Development Agency (SSDA) launched new national standards for leadership and management in November 2004.

10. This Chapter sets out how we will build on this progress to develop a better training service for employers, particularly through the National Employer Training Programme. Chapter 2 looks specifically at how we will meet skills needs in each sector of the economy.

National Employer Training Programme

11. The National Employer Training Programme is the core of a demand-led approach to delivering training for employers of all kinds – private, public and voluntary sector.

Impact of the Pilots

12. The programme will build on the 18 Employer Training Pilots (ETPs) that were introduced in three phases from September 2002 and which are managed by the Learning and Skills Council (LSC). The Budget 2005 announced a further £65 million for 2005-06, in addition to the £290 million already allocated, to support continuation of the pilots through to national rollout². Chart 1 shows the growth in participation in the pilots by employers and learners, and the number of learners achieving qualifications up to Level 2. The Chancellor of the Exchequer announced, in his Pre-Budget Report in December 2004, our intention to introduce a National Employer Training Programme from 2006/07.

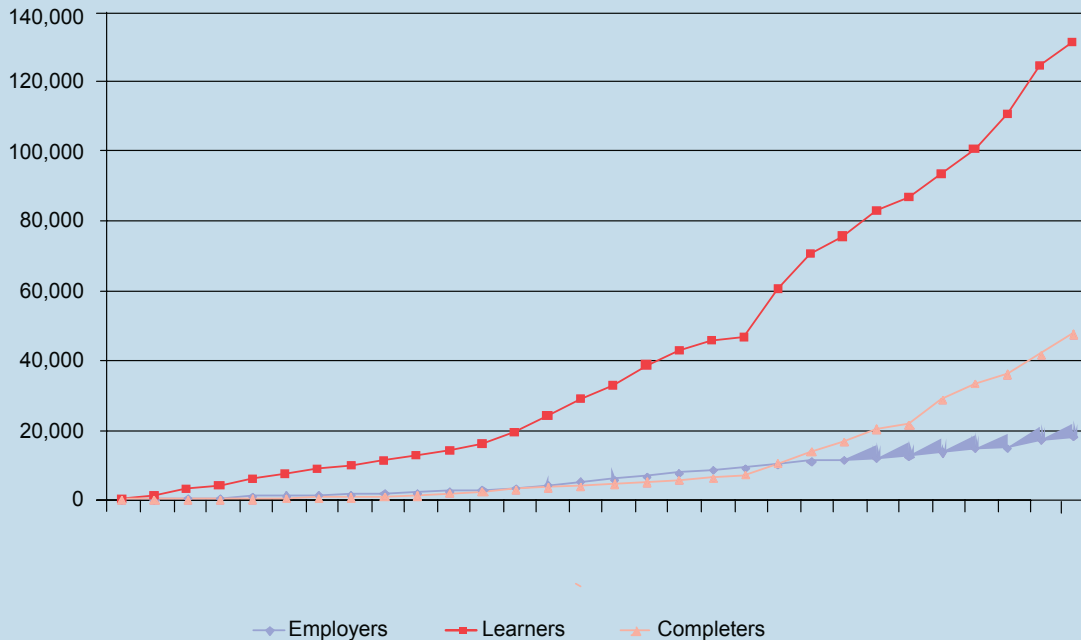
13. The progress of the pilots has been carefully evaluated. The Department for Education and Skills (DfES) is publishing the latest evaluation report by the Institute for Employment Studies alongside this White Paper³. The Adult Learning Inspectorate (ALI) has also reviewed the quality of training delivered. There is much that we need to learn from the pilots to ensure the highest quality national programme. But overall the message so far is that this way of delivering training for adults does work⁴.

¹ The Management Standards Centre is an autonomous unit within the Chartered Management Institute.

² See http://www.hm-treasury.gov.uk/budget/budget_05/budget_report/bud_bud05_report.cfm.

³ *Platform for Progression: Employer Training Pilots, Year Two Evaluation Report*, published by DfES in March 2005. www.dfes.gov.uk/research/data/uploadfiles/ETP2.pdf

⁴ For more detail on the evolution of the pilots see the report *Skills in a Global Economy*, published by the Treasury, with DfES, DTI and DWP, alongside the Pre-Budget Report on 2 December 2004.

Chart 1: Employer and Learner participation in ETP and learner completion

Source: ETP Management Information, LSC

14. The pilots have been successful in addressing skill needs of women, and in most areas participation by ethnic minorities and older workers is encouraging. In developing the national programme, we will ensure that it helps those groups who otherwise find it harder to access good training and develop their careers.

Design of the National Programme

15. The Programme will be offered through an independent and impartial brokerage service acting on behalf of employers. As with the pilots, that service will be developed to meet the specific needs of each part of the country. But in each region the service will be based on a clear, nationally consistent set of principles and delivered to national quality standards. We are remitting Regional Skills Partnerships (RSPs) to look at the range of brokerage and business support services in their region to ensure integration of employer skills brokerage with the broader business support services.

16. As with the pilots, the core of the programme will be free, high-quality training for employees who lack basic skills in literacy, language and numeracy or a first full Level 2 qualification⁵. Training will support trainees to achieve worthwhile vocational qualifications. The pilots have shown that qualifications are valued by employees and employers if delivered in a way that reflects the operational needs of the business. Brokers will advise about the best type of training, and source its delivery, to meet the employer's needs.

⁵ A full Level 2 refers to any qualification equivalent in standard and breadth to 5 GCSEs at A*-C or a National Vocational Qualification at Level 2.

17. Beyond that core of free training up to Level 2, the brokers will provide support to design and source a comprehensive training package to meet the employer's wider needs. This is a major step on from the design of the pilots, which were restricted to training up to Level 2. But the pilots showed that there is demand from employers to use the brokers' support to source training for their wider needs, including at Level 3 and higher, and for non-qualification based training.

18. One of our priorities is to put a stronger emphasis on progression to, and investment in, skills at Level 3 and above, because that is where many of our national skills gaps lie. So it will be part of the role of the broker to encourage employers to see the benefit of higher skills; signpost the availability of suitable Level 3 or other programmes in the area; and source delivery of that training within an integrated package where the employer is willing to pay for that. Unlike the returns to training at Level 2, where the market failures are most acute, employers and individuals benefit directly from training at Level 3. As part of the partnership between the Government and the employer in raising investment in skills, we will look to employers to pay a fair contribution to the cost of this training, recognising that in return employers have a right to expect that the training will be high quality and delivered in a way that meets their needs.

19. In the longer term, there may well be a case for routing some mainstream LSC funds for Level 3 through the National Employer Training Programme, so that the broker can directly draw on those funds to provide an element of subsidy alongside a contribution from the employer. That would allow fully integrated training packages to be delivered in the workplace, and represent a further extension of the demand-led principle. We will invest an additional £20 million per year in 2006-07 and 2007-08 to trial that approach in two regions, so that we can assess the impact both for employers and training providers of this way of operating, prior to taking final decisions on the routing of public funds for Level 3 training through the National Employer Training Programme.

20. At Higher Education level, brokers will work with Foundation Degree Forward and the regional associations of universities and colleges to help employers make the most of what HE has to offer.

21. A key feature of the pilots is that, in all cases, trainees are guaranteed paid time to train – either 35 or 70 hours, depending on the pilot. To qualify for free training in the National Employer Training Programme, the employer will need to agree with their broker the paid time which employees will be allowed to train, within normal working hours, to acquire their new skills and achieve their qualifications. We do not expect that all the training must take place in normal working hours. The pilots have shown that trainees are prepared to do some training in their own time. With the Confederation of British Industry (CBI), Trades Union Congress (TUC) and Small Business Council (SBC), we will develop guidance for brokers on the minimum amount of time to train in normal working hours which should apply for all employers as a condition of joining the programme.

22. There will be a presumption that this training is delivered in the workplace, where employers want that, to suit the operational needs of the employer's business. The pilots have shown that this is a crucial feature of the design, because it overcomes a major obstacle to training as perceived by employers, namely that releasing people to train off-site disrupts business activities. Some training, however, is best delivered off-site, particularly for vocational skills needing a strong underpinning of knowledge and theory. The higher the level of the training, the more likely it is that some off-site elements will be needed. So as we expand the programme into Level 3, the balance between work-based and off-site training will need to be kept under careful review.

23. We expect that much of the training will be designed on the ‘assess-train-assess’ principle. That means that, rather than assuming that everyone starts from the same point and should be taken through the same training programme, each person’s existing skills should be assessed at the outset, identifying the gaps in their individual knowledge and skill compared with the standard required for the qualification. High quality training is then offered so that individuals can successfully complete their qualification. This will often take the form of coaching at work. We will develop guidance for brokers and training providers to ensure effective delivery of training and coaching in the workplace.

24. The programme will offer employers informed choice between quality-assured training providers. This is an essential part of putting the employer in a position where, in effect, they are able to make the purchasing decision about what training they want to get. The broker, acting on behalf of the employer, will be able to source training from any LSC-approved provider, whether colleges or other providers, with a responsibility to get the best deal they can to deliver high-quality training. This principle of ‘contestability’ gives powerful incentives to training providers to ensure that, if they want to win the National Employer Training Programme business, they must deliver what employers want.

25. That choice cannot be entirely unfettered. We will need to assess how far and how fast the principle can apply in the initial implementation phase, to allow a realistic pace of change for colleges which need time to adjust to this way of delivering training. Colleges represent an important community resource, in which substantial public funds have been invested, and which needs to be sustained. Even in steady state, since public funds are involved, we must ensure that all providers operate to certain quality standards. The LSC already operates a light-touch method for quality assuring any training provider that wants to offer publicly-funded training. So where employers and brokers want to use private training providers that are not already LSC approved, such providers will need to go through the LSC quality-assurance process. For large multi-sited employers, the option will be there (as now) to deliver training in-house if they choose to. But the same quality assurance requirements will apply.

26. We recognise the concern amongst colleges and other training providers that brokers should not become a new barrier of intervention between an employer and a training provider. The broker’s primary role is to set up a training relationship to meet the employer’s needs. Once that is in place, it is for the employer and the training provider to work directly together without needing any mediation by the broker. So long as the employer is satisfied with the quality of the training they are getting, the training provider can carry on supplying it. We would expect the broker to take responsibility for monitoring the overall quality of service, and to act on behalf of the employer to resolve any problems. Many colleges and training providers have an excellent record of working with local employers, and have invested a lot of resources in meeting employers’ needs. We welcome that, and will support those colleges in building on their achievement. So wherever an employer is happy with their existing training supply from a college or training provider, they will be able to continue with it.

27. Evidence from the pilots on the impact of wage compensation is mixed. It is popular with employers and does have some impact, particularly as an incentive to join the scheme in the first place. But for most it is not the most significant factor. In reaching a decision on whether the national programme should retain an element of wage compensation, our goal will be to offer appropriate incentives to encourage as many employers as possible to participate, within the necessary constraints of public funds.

Brokers and Business Support Services

28. Brokers will provide easier access for employers to an integrated business support service, offering support for business development, enterprise, innovation and skills, and managed in a co-ordinated way across the region. Paragraphs 290-293 in Chapter 6 set out how we expect brokerage and business support services to operate. The range of services available through brokers would include:

- a. Diagnosis of business needs and development strategies, including through the DTI benchmarking service and the range of tools available through the businesslink.gov website.
- b. Training needs analysis, including the use of the updated Investors in People Standard and its supplementary models.
- c. Support for informal learning in the workplace, not leading to qualifications. This might be done through a range of methods including Skills Passports and the range of short courses from Ufi **learn**direct targeted on SME business needs.
- d. Support to evaluate the business impact of the training.
- e. Signposting to the support available from the relevant Sector Skills Council, including Sector Skills Agreements.
- f. Signposting to DTI business support programmes, for example on funding for innovation and knowledge transfer, so that training underpins the development of new products and services.

29. The role that we envisage for brokers is demanding. The success of the programme will depend in large measure on brokers' credibility with employers, and their success in helping employers get the training they want. So identifying and training the right people, with access to the right information and backup, will be essential. We are learning a lot from the pilots about different ways of organising brokerage, and will draw on that in building the national network during 2005-06. The Small Business Service (SBS), the LSC, the Skills for Business Network and the organisations which set standards for business advisers are working together to develop competency standards for brokers.

Implementation of the National Employer Training Programme

30. The Government will begin to roll out the programme across England from 2006-07, with complete roll-out in 2007-08. In the December 2004 Pre-Budget Report, the Chancellor announced additional funding, over and above the 2004 Spending Review settlement, of £65 million in 2006-07 and £132 million in 2007-08, as a contribution towards the total cost of the national programme to be accommodated within the overall resources available to the further education sector. As set out in paragraph 19, in the light of the Budget 2005 we are investing a further £40 million in the programme to support Level 3 training.

31. The grant letter of 16 November from the Secretary of State for Education and Skills remitted the LSC to take forward implementation of the National Employer Training Programme on this basis. The LSC is reviewing its overall approach to funding, and will incorporate the rollout of the Programme designed on the principles set out in this chapter. Within the constraints of the public funding available, we will make progress as rapidly as we can to expand the programme. But we recognise that, since the Programme allocates public funding in a new way, with the purchasing decision clearly located with the employer, advised by the broker, rather than flowing through the traditional route from the LSC direct to the training provider, the transitional consequences for colleges must be carefully managed.

32. In order to secure value from the programme, we will keep under review the funding arrangements and rates. The National Employer Training Programme cost structure is different from that of mainstream college or work-based training. Some aspects are less expensive, and some more. The programme must be resourced to secure at least the same quality and standards as other college programmes, while also successfully engaging those employers and learners who have traditionally been hardest to engage in training. The funding rates payable under the national programme will be set in the light of experience from the pilots and reviewed over time.

33. Many colleges have participated successfully in the pilots alongside other training providers. We warmly welcome the achievements of those colleges which have recognised that ETPs offer new opportunities to achieve their core goal of working closely with employers. But delivering in this way requires significant restructuring of the way colleges operate. Our plans for working with colleges to achieve that restructuring are set out in Chapter 5.

The LSC National Employer Service

34. Large, nationally-distributed employers have different needs for training delivery from smaller and more local employers. They generally do not want to have to negotiate training supply several times over with providers in different parts of the country.

35. The LSC's National Contracting Service (NCS) was established at the outset of the Council's operations to agree single training contracts with nationally-distributed employers. The Service has been successful, particularly in agreeing Apprenticeship contracts. It currently works with 200 large multi-sited employers, and is supporting the training of 88,000 learners. It has played a major role in the LSC's programme of sector pilots, redesigning training programmes to meet sector needs, achieving better quality and value for money as a result. But it has the potential to extend its reach substantially in providing negotiated training packages for large employers.

36. The LSC has identified the need to reshape the Service, to form a new National Employer Service. The Service should be able to draw more flexibly on all the LSC's mainstream training budgets, so that it can put together packages comprising the full range of training – basic skills, Level 2 and 3 vocational qualifications, and Apprenticeship programmes. That publicly-funded support could be put together in whatever way best meets the employer's needs. In return, the employer would be expected to commit its own spending against a company training plan. In that way, the National Employer Service will be the National Employer Training Programme broker for national multi-sited employers.

37. A reformed National Employer Service will be a powerful mechanism for delivering Sector Skills Agreements as they come on stream (see Chapter 2). Working with the SSDA and the SSCs, the National Employer Service will enable employers within a sector to access the training developed in response to the skills priorities set out in the Sector Skills Agreement.

38. The National Employer Service has developed a strong partnership with Ufi **learn**direct. Ufi has recently made rapid advances in delivering Skills for Life literacy and numeracy programmes, supporting 15,000 learners to achieve Skills for Life certificates in literacy and numeracy in 2004/05. It has the capacity to support that work within a wider range of National Employer Service contracts. The National Employer Service is also working with the new large employers unit of Investors in People UK, so that support for Investors in People can be integrated with the training programme, using the updated Investors in People Standard and the new Investors in People Profile tool.

39. We want to explore the use of National Employer Service programmes to help large employers support training through their supply chains. Some major companies have been willing to train more people on their workplace training programmes than they need for their own direct purposes, because they benefit from the availability of higher skills in their industry and supply chain.

40. This is a potentially fertile area for collaboration, because it builds on the common interest of the supply chain companies in securing economies of scale by collaborative training to shared quality standards. Following the publication of the original Skills Strategy White Paper in 2003, the CBI has been leading a project to assess best practice in training through supply chains and clusters for businesses of all sizes. The report is being published alongside this White Paper⁶. Its conclusions will be built into the future development of the National Employer Service. In addition, we welcome the offer from the CBI to lead two further projects. The first is to develop a guide for employers on collaborating to develop skills within supply chains and clusters. The second aims to promote good practice in skills development amongst all employers through the publication of a skills 'benchmarking guide' later this year.

Supporting Leadership and Management

41. One of the UK's skills gaps is in leadership and management. More than 2 million new managers will be needed by 2012⁷. But currently less than a quarter of managers have a management qualification. One in three employers report a skills deficiency amongst their managers. One third of small businesses close within the first three years. Poor management skills are often cited as the reason. But employers are beginning to address this issue. Recent research by the Chartered Management Institute⁸ shows that employers are giving greater priority to management development. It found that in 51% of employers, their Boards were directly responsible for initiating leadership and management development policy compared with 43% in 1996.

42. Employers have been supported to develop leadership and management skills in a number of ways:

- a. The Skills for Business Network has established Leadership and Management Champions in the 22 SSCs so far licensed, to ensure that leadership and management is given priority within each sector.
- b. New standards in leadership and management were launched in November 2004 by the Management Standards Centre. They will be embedded through the SSCs. The updated Investors in People Standard and Profile development tool emphasises the role of managers in workforce development.

⁶ See *Employers collaborating to raise skills in supply chains and clusters*, CBI, 2005

⁷ Source: *Working Futures: National Report 2003-04*, R. Wilson, K. Homenidou and A. Dickerson, 2004

⁸ *Management Development Works: the evidence*, Chartered Management Institute, 2004

- c. We have introduced with the LSC and the SBS a Leadership and Management Programme for SMEs with 20 to 250 employees. This offers formal training and informal support (such as mentoring and coaching) worth up to £1,000 for Managing Directors and other senior Directors. It is now available in all regions. Over 1,500 employers have begun the programme.
- d. The Advisory Conciliation and Arbitration Service (ACAS) has run 2,000 training events supporting 30,000 organisations to address leadership and management skills.

43. We will build on these reforms in the following ways:

- a. The Leadership and Management Programme for SMEs will be part of the package of support offered by the National Employer Training Programme brokers. Around 17,000 SME managers will benefit by 2007/08.
- b. An online diagnostic tool for company owners and managers, to help them improve their leadership and management skills, will be available nationally on the businesslink.gov website from the end of this year.
- c. The Skills for Business Network is piloting models of support in leadership and management aimed at businesses with 5 to 25 employees. Together with other sector-based resources, these leadership models will be available online.
- d. RDAs will work with LSC to address regional leadership and management skill needs as they take responsibility for regional business support services.
- e. The DfES and DTI have jointly appointed Ian Smith, Senior Vice President and UK Managing Director of the Oracle Corporation, to lead an Advisory Panel on Leadership and Management. This will oversee the range of Government support, identify the priorities for securing greatest impact, and act as a champion in promoting leadership and management activity with employers.

Promoting Entrepreneurship

44. As well as supporting the managers and leaders of existing businesses, we need to encourage more people to set up their own new businesses. Through the Business Link, there is an extensive range of help available for those starting up in business. RSPs will be able to link support for business start-ups with the training and skills that will maximise the chances of the business flourishing. As announced in the Budget 2005, we are expanding the programme of New Entrepreneur Scholarships with an extra £2 million per year in each of 2006-07 and 2007-08. Our reform of information and guidance for adults (see Chapter 4) will include the option of setting up in business as one way in which people can achieve their ambitions. Our plans for careers education and guidance for young people, set out in the White Paper *14-19: Education and Skills*, will build on existing programmes to develop an understanding of enterprise and entrepreneurship amongst young people.

45. We want to increase the number of women entrepreneurs in the UK. The DTI has established a Women's Enterprise Panel to advise on the next action plan to meet our target of 20% female business-ownership by 2006. The panel will work with RDAs to improve support for women's enterprise, which should be reflected in the RDA Corporate Plans. The DTI will work closely with PROWESS (UK's women's enterprise advocacy organisation) to raise standards of Business Link delivery.

46. In Higher Education, the National Council for Graduate Entrepreneurship was established in September 2004 to encourage graduates to consider starting a business. Whilst many students and recent graduates think about becoming self-employed, few actually do so. The Council, working with universities, colleges, the SBS and other partners, is putting in place a programme to help graduates develop their business ideas and identify suitable investments to enable them to start businesses.

Innovation, Science and Knowledge Transfer

47. This chapter has focused on delivering skills and training in a way that meets employer needs. But the goal is not to develop skills for their own sake, but the deployment of skills to help organisations of all kinds achieve their own business objectives and set more ambitious goals for business development. Skills are only one contributor to business performance. They need to link closely with other programmes designed to raise productivity. Since the original Skills Strategy was published, that principle has been applied in close working between DfES and DTI.

48. The DTI's Five year programme⁹ set out a strategy to create a modern knowledge-based economy with high skills, embracing innovation, science and technology. It builds on the DTI's Innovation Report (published December 2003), the 10-year Framework for Science and Innovation (published July 2004) and the Manufacturing Strategy (published July 2002 and reviewed in 2004).

49. The DTI's strategy contains a range of measures to support businesses through innovation and knowledge transfer:

Improving Innovation and Knowledge Transfer:

- a. Working with business to increase the knowledge intensity of the UK economy, setting a longer-term ambition of raising research and development activity from its current level of 1.9% of national income to 2.5% per year by 2014.
- b. Promoting best practice in industry through Innovation and Growth Teams and the Manufacturing Advisory Service. Working with RDAs and Devolved Administrations, we will deliver advice to companies on the technological challenges they face.

Improving Business Support:

- c. Supporting business growth through Business Link reform and improving access to more than £380 million in the debt and equity markets, alongside the private sector, through the Small Firm Loan Guarantee and Enterprise Capital Fund Scheme.
- d. Providing over £10 million for the Enterprise Insight campaign to encourage more people, particularly those aged 14 to 25, to consider starting a business.
- e. Building on the DTI's Manufacturing Advisory Service by helping an additional 20,000 manufacturing firms in the next five years, and extending best practice business support products to the service sector.

⁹ *Creating Wealth from Knowledge: The DTI Five year programme*, DTI, November 2004

50. The under-representation of women in Science, Engineering and Technology (SET) contributes significantly to the UK's skills gap in these sectors. Currently 75% of women with degrees in these subjects are not in science, engineering or technology-related employment. We are working with business to maximise the contribution of female SET specialists. To support our commitment to help businesses recruit and retain women in these sectors, we established the UK Resource Centre for Women in July 2004.

51. These and other reforms set out in DTI's 5-Year Programme will help employers make effective use of the skills of their workforce, and thereby support businesses moving to high-skilled, high value-added products and services.

The Skills Partnership with Employers

52. A fundamental principle of the Skills Strategy and this White Paper is the need to ensure that training delivery is responsive to employers' needs. Employers are usually best placed to judge how to develop their business, and what skills their current and future employees will need. Training is more likely to have an impact if the employer is engaged in its design and delivery, and is motivated to deploy the new skills effectively.

53. The Government's ultimate goal is a globally competitive economy and a fair, inclusive society. Employers are therefore key partners with Government and the Trade Unions, working together to secure that goal. The Government will do all it can to ensure that employer needs shape the design and delivery of training. In return, we look to employers to raise their game substantially in terms of engagement and investment in training, and in the effective deployment of the skills to support innovative, wealth-creating business strategies.

54. As announced in the Pre-Budget Report of December 2004, the Government has asked Lord Leitch to conduct a long-term review of global economic trends and their skills consequences through to 2020. He will report by Spring 2006. Through that review we will be able to develop our understanding of long-term skills needs and the role of employers as well as other partners in securing them.

55. Meanwhile, as discussed in the next chapter, SSAs represent a major opportunity for the employers in a sector to come together in identifying and tackling skills needs. This is a way of overcoming the recognised market failure that, if one employer takes the initiative in investing in training staff, others may simply seek to poach those staff once qualified rather than incur costs in training their own.

56. One of the themes of the original Skills Strategy was the need, in some cases, to raise employer demand for skills to a more ambitious level. We recognise that many employers already invest heavily in skills – a total of £23.5 billion per annum including wage costs – and are committed to investing in their people. But many firms do not express a need for skills because they pay low wages to low-skilled staff to produce low-value goods and services. Our national objectives cannot be met unless more organisations set higher value business strategies, and invest in skills to support those strategies. So within the National Employer Training Programme and wider business support services, we will prioritise working with those employers who are willing to set more ambitious business strategies.

57. To meet our long-term economic goals, we need to increase the investment in skills by all parties. The rates of return to higher qualifications show that employers and learners gain significantly from qualifications at Level 3 and above, in terms of productivity and wage rates¹⁰. It is fair to reflect that benefit in the contributions they make towards the total cost, alongside continuing Government subsidy, so that limited public funds can be focused on the main areas of market failure. That principle will be reflected in the reform of fee assumptions and income targets within the LSC funding method.

58. We look to employers to play their part in helping to shape the flow of young people as they progress through school, college and university, so that they enter the labour market with the skills, knowledge and attributes that employers are looking for. There is a wide range of ways in which employers can get involved with the education service, and so ensure that the realities of the modern labour market are understood at all levels of the learning and skills system. But we recognise that the sheer variety of ways in which employers are able to engage, and the difficulty of understanding what opportunities are available and how to get involved, can itself be off-putting and confusing. So we will work with employers and their representative organisations to provide a clearer presentation of the opportunities. As a first step, we are publishing with this White Paper a brief guide¹¹ for employers on the 14-19 and skills reforms.

Trade Union Role in Skills and Training

59. We welcome the major advances that the trades unions have made in recent years to develop the range and profile of their role in training. Both employers and employees can benefit from working together on skills. Building future employability through skills is an essential way in which unions can support the long-term interests of their members as well as promoting the success and productivity of the economy. Supporting skills and training should be at the heart of the role of the modern trade union, and we look to all unions to raise the profile of skills and training within their work.

60. There are now over 8,000 trained Union Learning Representatives across the country. Last year, they helped over 60,000 workers back into learning, at all levels of skills and qualifications, from basic literacy and numeracy through to higher education. They have proved particularly effective in giving low-skilled adults the confidence, motivation and support to return to learning, generally in the workplace. For example, within the Skills for Life strategy, they helped almost 9,000 learners last year to gain literacy and numeracy skills in the workplace.

61. The Union Learning Fund has proved its effectiveness in supporting Union Learning Representatives, particularly in reaching non-traditional learners, including older males, people in minority ethnic groups, part-time and shift-workers, and those with no set working environment such as construction workers. These are the people who often miss out on learning. Union Learning Representatives have worked with employers in establishing learning agreements to tackle both organisational and individual skill needs.

62. Trade unions and their Union Learning Representatives are contributing extensively to the Skills Strategy, including the delivery of Employer Training Pilots, supporting implementation of the Level 2 entitlement and contributing to the RSPs. For example, in the East and West Midlands, Amicus and GMB are working on a pilot project with companies such as Rolls-Royce, the two RDAs, the Learning and Skills Council (LSC) and Jobcentre Plus to alleviate skills shortages in the engineering sector. The members share information about skills, labour force

¹⁰ See Part 3 of this White Paper and *Skills in England 2004 Volume 1: Key Messages*

¹¹ *Skills for Productivity*, DfES and DTI, March 2005. See www.dfes.gov.uk/employers

needs and, over the next three years, aim to safeguard 850 jobs and retrain some 215 employees. Unions are represented on all the SSCs, and on the SSDA. They have played a valuable role in helping to shape the first pathfinder Sector Skills Agreements.

63. We wish to develop the valuable role that trades unions play in addressing skills by:

- a. Raising the number of trained Union Learning Representatives from 8,000 to 22,000 by 2010.
- b. Developing, with the TUC and the major unions, a network of union representatives in the Skills for Business Network, so that they can share information and good practice and provide mutual support. They will have an important role in briefing Union Learning Representatives on the development and implications of Sector Skills Agreements, as they come on stream, so that the Union Learning Representatives can raise awareness of the significance of the Agreements, and work with individual employers to secure their implementation in the workplace.
- c. Ensuring that the Trade Union Learning and Modernisation Funds can be used flexibly to strengthen the trade union capacity in training, including support for some capital costs.

64. Within the trade union movement, the TUC has led the development of proposals for a new Union Academy, set out in its report *A Union Academy: Adding Value to the Union Card*¹². It will draw together the strands of current TUC and union activity in training and skills, providing better information and support through the union learning network for a major increase in access to training. A summary of the main proposals is set out in Part 1 (see paragraph 49). We welcome the TUC's report and its proposals as very positive steps in realising the potential of the union movement to raise the profile of skills with employers and employees in the workplace. That is why we are providing £1.5 million in 2006-07 and £3 million in 2007-08 to support the TUC as it develops its plans for taking these proposals forward.

¹² *A Union Academy: Adding Value to the Union Card*, TUC, December 2004 www.learningservices.org.uk

Chapter 2

Skills for Sectors: A Stronger Employer Voice

Alongside the delivery of a National Employer Training Programme and the reforms in Chapter 1, we want to ensure a strong sector dimension to the delivery of skills training by:

- Sector Skills Councils at the national level identifying the skills employers need to improve productivity now and into the future.
- An employer-led Sector Skills Agreement, drawn up in collaboration with all sides of industry, setting out an action plan to drive up skill levels in each sector.
- Strengthening links between Higher Education and Sector Skills Councils.
- Establishing a network of Skills Academies, supported by sector-focused Centres of Vocational Excellence.
- Developing sector qualification strategies as part of the new Framework for Achievement.

Introduction

65. Chapter 1 set out how we will meet individual employer needs through the National Employer Training Programme and other reforms. This chapter sets out the second major strand in developing a demand-led approach for employer training through the Sector Skills Councils (SSCs), Sector Skills Agreements (SSAs) and Skills Academies.

Progress in Developing the Skills for Business Network

66. The Skills for Business Network, comprising the SSCs and the Sector Skills Development Agency (SSDA), was in its infancy at the launch of the original Skills Strategy in July 2003. Since then excellent progress has been made, as shown in Chart 2. We now have 22 SSCs in place, with a further three in development. We expect the full Network of 25 to be licensed by Summer 2005, when it will cover 85% of the UK workforce.

67. SSCs give employers in each sector a means of collectively analysing sector skills needs and linking these to the main drivers of productivity. That provides a basis for individual and collective action to address skills gaps and shortages, developing the skills of the existing workforce, and working with partners to shape the supply of education and training.

Chart 2: The Skills for Business Network**Launch 4 SSCs with Sector Skills Agreements by end of March 2005**

- e-skills UK (IT)
- ConstructionSkills
- Skillset (audiovisual)
- SEMTA (science, engineering and manufacturing technologies)

6 SSCs with Sector Skills Agreements by March 2006

- SkillsActive (sport and recreation)
- Lantra (land-based industries)
- Skills for Logistics (freight logistics)
- Cogent (chemical, nuclear, oil and gas, petroleum)
- Skills for Health
- Skillfast UK (apparel, footwear and textiles)

12 other SSCs licensed

- Asset Skills (property and facilities management)
- Automotive Skills (motor retail)
- Energy and Utility Skills
- Financial Services
- GoSkills (passenger transport)
- Improve (food and drink)
- Lifelong Learning UK
- People 1st (hospitality, leisure, travel and tourism)
- Skills for Care and Development
- Skills for Justice
- Skillsmart Retail
- SummitSkills (building related services)

3 more to be licensed by mid 2005

- Central Government
- Creative and Cultural Skills
- Proskills (Process and manufacturing)

68. Good progress has been made in establishing the Network:

- The SSDA has built a powerful data and research capability, with results by sector available at www.ssdamatrix.org.uk.
- The SSDA undertook a major advertising campaign on the theme of 'In Skills we Trust' in late 2004. Initial evidence suggests that the campaign has raised employer awareness of the Network.
- 133 new occupational standards have been developed, as a template of the vocational skills that should be built into the design of training programmes.
- The Network is an increasingly influential partner. It is a core member of Regional Skills Partnerships (RSPs), has a leading part to play in designing the vocational options for young people as part of the 14-19 reforms, is a key source of intelligence on sector skills to shape the Learning and Skills Council (LSC) business planning process, and has the lead role in designing occupational standards for adults.
- The Network has developed a close partnership with trade unions and their Union Learning Representatives, who are making an important contribution as members of SSCs and to the development of SSAs.

69. In building the Network, the SSDA is looking to include a role for those groups which do not themselves meet the criteria to form a separate SSC, but have a part to play in defining skill needs for particular areas of employment. A prime example is those working in voluntary and community organisations. UK Voluntary Sector is working with the Skills for Business Network to address skills issues in this sector. A Memorandum of Understanding between the partners is being finalised and will be launched to tie in with events to mark 2005's 'Year of the Volunteer' initiative.

Future Priorities for the Network

70. Having successfully put the Skills for Business Network in place, the emphasis must now change to demonstrate its impact in delivering real benefits for employers. The Network is well placed to make the link between skills and productivity, so that skills are deployed to support higher performance working practices. We will assess the Network's progress through the following measures of achievement by 2008, compared with a baseline derived from survey data for 2004:

- a. 10% more private and public service organisations will have introduced higher performance working practices.
- b. Skills gaps will be reduced by 30% and skill shortages by 25%.
- c. 10% more employees will receive job-related training.
- d. 75% of employers will be aware of the Network and at least 75% of those who have dealings with it will be satisfied with the service provided.
- e. All SSCs will have Sector Skills Agreements in place as a means of securing progress on workforce performance and a measurable increase in productivity.

71. Early findings from the Skills for Business Network evaluation 2004 show increasingly positive employer views of SSCs. Of those employers who have had dealings with their SSC, 74% were satisfied, over 80% report that their SSC has had an impact on skills development, and just under 60% state that their SSC has caused them to change their approach. On training, over 60% of employers have funded or provided training in the last 12 months (a rise of 4 percentage points).

72. Looking ahead, one priority for the Network will be to review future skills supply in each sector, as a basis for more active management of recruitment and development of skills to meet sector needs. There will be far-reaching changes in the composition and profile of the workforce over the next two decades. There will be proportionately many more older people in the workforce as a result of demographic trends. Much of the new growth in entrants to the labour market will be from women and ethnic minority employees. So employers who do not offer equal opportunities in recruitment and development of staff will undermine their own competitiveness.

73. It is predicted that women will make up the majority of the working age population by 2018. The Women and Work Commission, chaired by Baroness Prosser, will report to the Prime Minister in Autumn 2005. It will look at how women can get a fairer deal in the workplace, including how education and skills affect which jobs they get and how we can draw on the talents of all. We will look carefully at their recommendations to ensure that women, as well as men, are equipped with the skills needed to compete in the global market.

74. Migration flows will have a significant impact, particularly in the light of the Home Office Five Year Strategy for Asylum and Immigration¹³ giving priority to those with skills and qualifications. Skilled migrants bring new skills, ideas and attitudes to the UK, and help to meet skill and labour shortages, easing inflationary pressures and increasing productivity. They make an important contribution to our broader Government objectives to increase innovation, to respond to the challenges of global economic change, to shift towards a high-skill economy, and to deliver high-quality public services.

75. All of this will have profound effects on the patterns of skills supply. We are therefore remitting all SSCs to review how to secure the necessary flow of skills supply, particularly where it is no longer sufficient to rely on recruitment of young people to replenish the sector's stock of skills. Each SSC needs to develop an action plan for meeting the sector's future needs, while also securing greater equality of opportunity in the labour market. As part of that work, the Department for Education and Skills (DfES) and the Home Office, working with the DTI, will carry forward with the Network the commitment to establish an independent skills advisory body to advise on labour markets and skills shortages.

76. A second priority will be to lead the design of occupational standards for both young people and adults. The recent White Paper on 14-19 reform set out a major role for SSCs in designing the new lines of learning that will be available to young people from age 14. Getting that right is fundamental to our prospects of motivating young people to stay in education and training through to age 19 by providing programmes which will lead to productive, satisfying, sustainable employment. So the lines of learning, and the Diplomas to which they lead, must be closely aligned with employers' expectations of the skills, both generic and job-specific, that they will need.

77. For adults also, successful delivery of the Skills Strategy requires each SSC to work with the Qualifications and Curriculum Authority (QCA) in developing a sector qualification strategy which defines the skills needed for employability, from Level 2 upwards. That is an essential input for the proposed new Framework for Achievement being developed by the QCA. To support the development of wider employability skills, five SSCs (ConstructionSkills, Cogent, e-skills UK, Skills for Health and Skillsmart) are developing new units and qualifications. This work will be extended across the Skills for Business Network.

78. Each SSC is granted a full licence for a period of five years. This runs alongside a three-year contract which is reviewed on an annual basis. The first SSCs will be seeking contract renewal in 2006 and their 5-year licences will come up for renewal from 2008. Decisions on future contracts and re-licensing will be taken following a comprehensive review of the performance of each SSC. The future contract and licence terms will reflect the important role set out in this White Paper for the Network, with SSCs focusing on the strategic leadership of their sectors in defining and tackling skills needs, not undertaking operational delivery roles, but exercising leverage through SSAs.

79. Meanwhile, the role of the SSDA will also change. The SSDA deserves great credit for its impressive achievement in setting up the Network. Inevitably, that early stage has focused on the Agency's licensing and regulatory role. Looking ahead, the Agency's role needs to shift emphasis, so that it is increasingly the co-ordinator and champion of a Network of strong, enterprising SSCs operating through peer support and self-regulation.

¹³ *Controlling our borders: Making migration work for Britain*, Home Office, February 2005

Sector Skills Agreements

80. The main mechanism through which SSCs will address employer skill needs is Sector Skills Agreements (SSAs). SSAs are designed to engage employers at the highest level in systematic analysis and action planning to address the skills required to raise performance. They provide a way for each sector to work with Government agencies and the education and training sector to deliver a joint response to skills priorities

81. In the first instance, the Agreement is an agreement brokered by the SSC amongst the employers in its sector, identifying the priorities they want to address and the action they will take to address them. This is an important mechanism for delivering a new partnership on skills between employers, individuals and the state, in promoting higher employer investment and engagement in skills. Both the Skills Alliance and the Government are keen to see employers getting fully behind the SSAs by endorsing the ambitious agenda they set out.

82. For example, Skillset has successfully negotiated agreement amongst employers in the film industry to seek the introduction of a new collective training levy (see box). CITB-ConstructionSkills administers the Construction Skills Certification Scheme, developed and owned by the industry. A registration card captures evidence of the vocational qualifications required of anyone who wants to work on a construction site. By 2010, the SSA aims to double, to over 1 million, the number of workers covered by these 'licence to practice' arrangements.

Skillset – A New Levy

Skillset and the UK Film Council have used the Sector Skills Agreement process to improve the UK film industry's skills base. They have worked with the industry to produce a five-year strategy for film skills 'A Bigger Future', with investment totalling around £10 million a year over five years.

Skillset currently operates the Skills Investment Fund, a voluntary film production levy which has raised £3 million since its inception in 1999. This helps to fund 'A Bigger Future'. Whilst the industry has been supportive of this voluntary levy, only about 65% of employers have participated. This means that those who do contribute are subsidising training initiatives and trainees that benefit productions that do not pay.

A survey within the industry found that 90% of those who responded were in favour of introducing a mandatory training levy based on the Industry Training Board (ITB) legislation. The Government accepted the case put by Skillset, the UK Film Council and the partners in the Skills Investment Fund. It is now formally consulting employer organisations, trade unions and other partners in the film industry on the establishment of a new ITB for film with the power to raise a training levy.

83. Each sector must assess its own priorities and the best way of meeting them. The Government will not impose any particular approach, because we will be more successful in raising training and skill levels if employers are able to take the initiative in designing the approach for themselves. Nonetheless, we are now seeing SSCs leading the way in promoting voluntary collective action on training through such mechanisms as the pooling of training funds and the specification of sector-wide minimum skills and qualifications requirements. The Government looks to all sectors to review whether similar mechanisms would help meet their needs as part of their SSA.

84. The SSA is also the vehicle for the sector getting agreement with the LSC and the Higher Education Funding Council for England (HEFCE) as to how they will reflect sector priorities in the allocation of public funds. This is the main way in which each sector can gain leverage over the use of public funds. Wherever employers, through their SSA, provide convincing analysis of need and evidence of a real determination to invest their own time and effort in tackling those needs, they have a right to expect that the public sector will reciprocate by reshaping the design and delivery of training.

85. So where employers develop convincing SSAs, and show commitment to playing their full part, the Government will also commit to supporting their implementation. The main elements are:

- a. The SSDA will fund the analytical and development work needed to underpin Agreements, in addition to SSC core funding.
- b. The LSC will reflect Agreements, as they come on stream, in its annual statement of priorities and business cycle, so that the training and qualifications identified as priorities in Agreements directly drive the allocation of public funds to colleges and training providers. That means that, over time, an increasing proportion of public funds for training at all levels will be allocated to the programmes that employers want.
- c. The HEFCE will reflect Agreement priorities in the allocation of additional student numbers, particularly for Foundation Degrees; and will support work between SSCs and Higher Education institutions to reform the design of Higher Education programmes.
- d. Sectors developing effective SSAs will be given priority in allocating funds for the new sector Skills Academies.
- e. Where, as with Skillset in relation to the film industry, the sector agrees that it wishes to introduce a training levy, the Government will introduce the necessary statutory backing to form an Industry Training Board.
- f. Within the National Employer Training Programme and the LSC's National Employer Service, brokers will signpost employers to relevant parts of the Agreement.
- g. The QCA will work with SSCs to develop Sector Qualification Strategies. They will rationalise the current array of qualifications and provide a clear ladder of progression within a simple unitised qualification structure for the industry. The QCA is currently working with SSCs to develop eight such Strategies.

86. Four SSCs – Skillset (audiovisual), SEMTA (science, engineering and manufacturing technologies), e-Skills UK (IT-related), and ConstructionSkills – have now developed SSAs with employers in their sector. They are being launched in parallel with this White Paper.

87. The next six SSCs have embarked on developing their Agreements: SkillsActive (sport and recreation), Lantra (land-based industries), Skills for Logistics (freight logistics), Cogent (chemical, nuclear, oil and gas, petroleum), Skills for Health, and Skillfast UK (apparel, footwear and textiles). They are scheduled for completion by March 2006. Agreements for the remaining sectors will follow in the next phase.

Skills Academies: Designing the Right Training

88. Successful implementation of the skills reforms for both young people and adults requires a better way of developing prototypes for the design and delivery of outstanding skills training. We need exemplars of real excellence to show how it can be done. We need closer working between the training providers in each sector, to spread and share that excellent practice.

89. We therefore intend to set up a new network of Skills Academies. Over time, there will be at least one for each major sector of the economy. They will be established in partnership with the employers in that sector, through a programme managed by the Skills for Business Network working with the LSC. Beyond the principles set out in this section, we will not prescribe what an Academy should be. There are several good models to draw on, including the Automotive Academy. It will be for the employers in each sector to take the initiative in working out the approach that will best meet their needs, and we want to draw on their ideas and creativity. The DfES, DTI, SSDA and LSC will publish a prospectus for Skills Academies in the Summer.

90. Skills Academies will link with the existing Centres of Vocational Excellence (CoVEs) in colleges and with Specialist Schools to provide national, regional and local networks which can deliver the new lines of learning for 14-19 year olds and better skills training for adults. Through these links, Skills Academies will benefit not only their own directly-enrolled students, but will enrich the education and training of a much wider range of young people and adults. We want to explore how they can develop strong links with higher education, to share expertise and to support progression routes into higher education.

91. One model of this approach is the proposed Fashion Retail Academy. This is sponsored by the Arcadia Group. The Academy will be formed as a joint venture between Arcadia and the DfES in premises in central London. Training will initially be focused on 16-18 year olds, with rich involvement of fashion retail employers in its design and delivery. The goal is to prepare young people through an intensive programme in the skills, knowledge and attributes needed for success in fashion retail. The running costs of the Academy will be met by the LSC through mainstream LSC budgets, along with additional capital funding from the LSC capital budget.

92. The DfES and the LSC will develop these models to create 12 Skills Academies over the next three years, providing training for both 16-19 year olds and adults, attracting learners with a flair for the sector. Priority will be given to sectors where, as part of their SSA, employers come together to co-sponsor and co-fund the Academy, and where they demonstrate a commitment to playing a leading part in shaping the design and delivery of its programmes. The first four Skills Academies will be announced in September 2005, and will be operational from September 2006. As resources allow, we intend that there should be at least one Skills Academy in each major sector of the economy.

93. Skills Academies will build on the existing programme of CoVEs. There are around 300 CoVEs now in place in colleges and work-based training providers around the country. CoVE status is awarded to training providers which offer high-quality provision for employers in a specific vocational area. The latest evaluation shows that 82% of employers using CoVEs rate the quality of training as excellent or good.

94. We envisage each Skills Academy linking with the CoVEs in each region to give national, regional and local coverage on a hub and spoke basis. The Skills for Business Network will have the lead role, working with the LSC and RSPs in ensuring that we develop the next phase of the CoVE programme so that it directly meets employers' needs.

Qualifications Reform

Framework for Achievement

95. The Qualifications and Curriculum Authority (QCA) published for consultation in November 2004 proposals for a new Framework for Achievement. The key elements are:

- a. To introduce a consistent national Framework for recognising different levels of achievement by learners.
- b. To incorporate within that Framework units of achievement designed to a common standard and format, each carrying a defined level and credit value for successful completion.
- c. To enable learners to build up those credits towards nationally-recognised qualifications, through successful completion of units taken at their own pace.
- d. To assign to SSCs the role of defining the occupational standards that underpin many of the units in the Framework, and the combinations of units that should be required to demonstrate competence to work in a given occupational area.
- e. As a result, to simplify and rationalise substantially the current range of overlapping qualifications, while still enabling the inclusion of new units which meet employer needs.
- f. To record each learner's achievement of units and credits in a national record, enabling learners to move between awarding bodies and training providers as and when they need to, while still being able to build credit towards their qualification.

96. These proposals are of fundamental significance for many of the reforms set out in this White Paper. For adults, they will allow both learners and employers to package together the units and qualifications that will best meet their needs and interests, while still clearly identifying the combinations that are required to meet standards of professional and occupational competence and to prepare people for employment or further learning. For young people, some of the units in the Framework could be used as the basis for constructing the specialised Diplomas in the 14 specialised lines of learning. Those standards will be derived by SSCs (and, where appropriate, professional bodies) from their identification of the skills, knowledge and attributes needed in each sector.

Tesco Pilot

Tesco is the UK's largest private employer, with tried and tested methods for training its people. Working with City and Guilds, Tesco's in-house training has been mapped to National Occupational Standards so that staff can achieve national qualifications.

Tesco is using this approach across its stores to offer Retail Apprenticeships to nearly 500 young people. Apprentices will earn an NVQ in retail while developing other skills, such as English and maths. The qualification recognises the value of Tesco's training, and rewards learners with a portable qualification that is widely recognised. It has proved popular with staff, because it gives them the opportunity to earn and learn.

The company has welcomed the 'bureaucracy-light' method of qualifying the workforce. Because the assessment and internal verification are completed by the Apprentices' managers, the process is kept simple for staff, and integrates into existing training frameworks. For example, Apprentices achieve 70% of what is required to get onto the management training scheme in stores.

Apprenticeships

97. Apprenticeships are a key strand in the Skills Strategy. They offer a high-quality route to increasing the skills base in the labour market and the employability skills of young people.

98. Apprenticeships are used by around a quarter of 14-19 year olds as part of their transition from school to work. They offer opportunities for progression both within the 'family' of Apprenticeships and into other areas and levels of learning, including higher education. All have been designed by and for employers, but they also contain the elements to ensure a well-rounded learning experience for the young person.

99. Apprenticeships are a well understood and valued training route. But there are challenges in ensuring they offer a learning experience of the highest quality, and genuinely meet the needs of employers. We will work to:

- a. Extend Apprenticeships to a broader range of sectors and employers. We believe that Apprenticeships have a particular role to play in meeting the national need for a much stronger flow of young people gaining technician skills and qualifications. For example, we will work with the Engineering and Technology Board (ETB) to pursue this priority by developing links between Advanced Apprenticeships and technician requirements and qualifications. This will promote the value of the technician role and facilitate increased support for technician skills development working with relevant SSCs and employers.
- b. Challenge stereotypes and encourage young people to consider all types of Apprenticeships. At present, there are major imbalances between Apprenticeships in different sectors, particularly in participation by gender and ethnic minority status. There must be equal opportunities for all to benefit from the Apprenticeship programme, gaining high quality training leading to good jobs.
- c. Engage more employers in offering Apprenticeships, by doing more to convince them of their value and relevance.
- d. Extend the progression opportunities offered within the Apprenticeships family, and ensure they are clear and well understood. As set out in the 14-19 White Paper, we want the Apprenticeship approach to be available from Young Apprenticeships for 14-16 years olds, through Apprenticeships (Level 2) and Advanced Apprenticeships (Level 3), to Level 4 Higher Education qualifications.
- e. Develop trials of Apprenticeships for adults in three sectors – health and social care, construction, and engineering – to apply the principles of Apprenticeships to the training needs of adults.
- f. Raise by at least three-quarters the numbers successfully completing Apprenticeships between 2002/03 and 2007/08.
- g. Ensure SSCs review the design and content of Apprenticeships in their sector to meet employers' and learners' needs. We will explore with SSCs greater flexibility in the design of Apprenticeships reflecting the principles of the proposed credit-based Framework for Achievement. For example, the ETB is working with relevant SSCs to develop a suite of qualifications within the Apprenticeship Framework to meet the needs of science, engineering and technology employers.

- h. Ensure that the basic skills of literacy, language and numeracy are included in the frameworks in such a way that they promote successful completion of Apprenticeships.

Government Playing its Part

100. The Government is a major employer in its own right, forming a significant sector of the economy. We recognise our obligation to ensure that those working in the Government sector have the skills needed to provide high-quality, responsive public services.

101. In the original Skills Strategy, the DfES and Cabinet Office committed to work together on proposals for an SSC for Central Government. That is making good progress. At the heart of its work is a new agenda for Professional Skills for Government that the SSC will take forward.

102. Departments will be reporting on progress in implementing their skills development plans in the Summer, including identifying future skill needs, creating a framework of study support including study leave for priority groups. This has greater importance as Departments are implementing efficiency and relocation programmes, following the Gershon and Lyons Reviews.

103. We have achieved the Civil Service target that 28% of those under the age of 25 who are not qualified to Level 2 should enrol on an Apprenticeship programme. We have launched a Foundation Degree designed for the Civil Service, on which 81 people have enrolled. 97% of civil servants work in organisations with Investors in People recognition.

104. The Government is the biggest purchaser in the economy. Government procurement of goods and services accounts for around 20% of GDP and about 50% of all public spending. This huge purchasing power can be a strong incentive for employers to invest in the skills of their workforce to provide better quality services and products and better value for money to taxpayers.

105. In 2003, the DfES and the Office of Government Commerce (OGC) produced guidance to all Government Departments on how they should incorporate requirements for basic literacy, language and numeracy skills within their procurement arrangements. The guidance set out how Departments can work with prospective and existing contactors to ensure that their staff have, or are able to develop, those skills. Investors in People UK is also working with the OGC to see whether the Investors in People standard can be incorporated into recommended procurement practice.

106. The DTI is working with the OGC to ensure that Government Departments are considering innovation as part of the public procurement process. The DfES wants to support improvements in the delivery of publicly-procured projects through extending the guidance on basic skills and innovation to include higher level skills. It will work with the OGC and other Government Departments to develop revised guidance by September 2005.

Chapter 3

Skills for Adult Learners

Skills for Individuals: What Adult Learners Can Expect

The reforms in this White Paper, implemented as part of the Skills Strategy, are designed to deliver for individual learners a framework for skills and training with the following key elements:

- Help for adults, through free tuition, to develop basic skills in literacy, language and numeracy. Wherever possible, that will support adults to achieve Level 2 standard (equivalent to GCSE Grade A* – C) using the same core modules in English and maths that are being developed for 14-19 year olds.
- Help for adults to achieve a wider platform of skills for employability, with free tuition, through national roll out of the new Level 2 entitlement from 2006/07.
- More opportunities, through extensively subsidised training, for those wanting to achieve Level 3 qualifications in technician, advanced craft, skilled trade and associate professional skills, including through Apprenticeships for adults.
- Support for those wanting to progress to Higher Education qualifications, including in the workplace, as part of a programme to strengthen the alignment of HE skills with employer needs.
- Better information and guidance for adults on career choices, skills requirements, and training options, to help people identify how they can achieve their ambitions to progress in their careers and gain a better quality of life.
- A qualifications Framework enabling adults to build up credit over time towards a full qualification, as they successfully complete different units.
- Training programmes designed to equip learners with the skills employers want, with readily available training in ICT skills and wider availability of e-learning.
- Support for adults to access training in the workplace through developing the union role in training.
- Support for older learners to re-skill and up-skill throughout their working lives and beyond.
- Continuing availability of a wide range of training opportunities for personal fulfilment and community development, safeguarding the total funding available for such programmes but allocating it more equitably to meet priorities in each area.
- Action to promote equal opportunities in access to training and jobs.

Introduction

107. In the July 2003 Skills Strategy, we committed to ensuring that individuals have the skills to be employable and personally fulfilled. This chapter sets out in more detail how, through the next phase of Skills Strategy reform, we will provide better support for individuals, at all levels of study from basic literacy, language and numeracy skills right the way through to higher education. Chapter 4 complements this chapter by providing details of how we will help individuals navigate their way through that system, with equal opportunities for everyone to get help to achieve their ambitions. Success in delivering the Skills Strategy depends on combining these two elements in the right way – a clear progression structure which develops the right skills at each level, married with help for people to understand it, navigate their way through it, and identify the best options for them.

Developing a Clear Ladder of Progression

108. At the heart of the support for adults must be a clear, attractive ladder of progression. It must challenge and encourage people to achieve at every level, while stimulating the aspiration to progress and to fulfil their potential. Individual learners have widely differing needs and motivations. Many will want simply to achieve a single next step in the qualifications ladder. But to make a reality of lifelong learning, we must develop a package of support which encourages more people to see the value for them and their families of developing progressively higher level skills.

Getting the Basics Right: Literacy, Language and Numeracy Skills

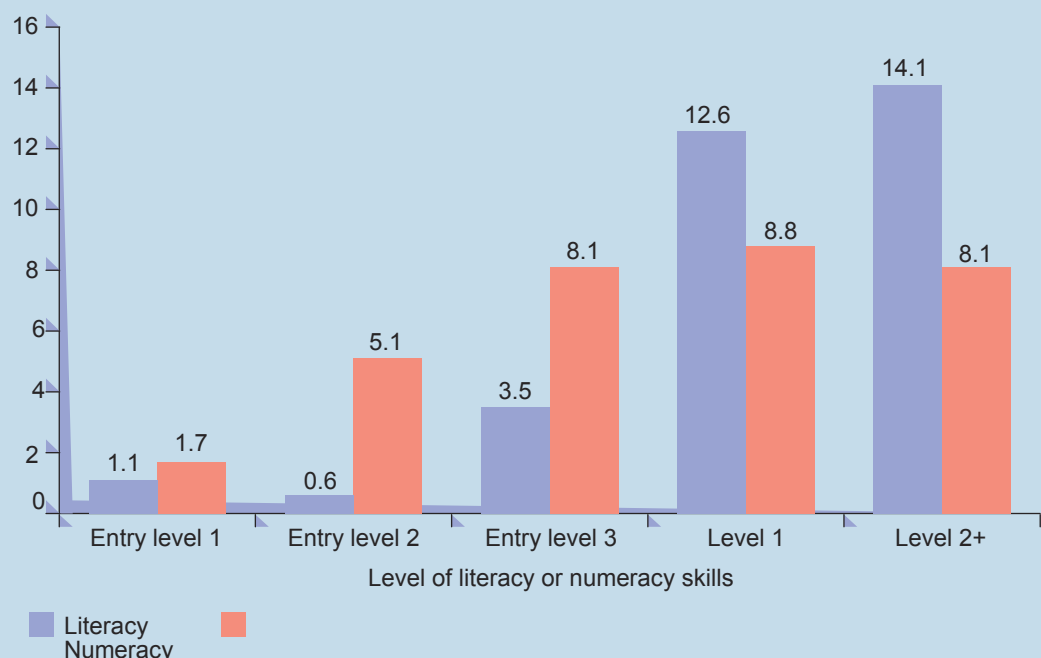
109. Tackling the huge legacy of poor basic skills of literacy, language and numeracy is a top priority. Chart 3 summarises the latest survey evidence on the scale of that legacy. We cannot put this right overnight. But unless far more young people and adults gain a sound foundation of competence in literacy, language and numeracy, they will be severely impeded in achieving their wider aspirations, and they will not meet employers' needs. Tackling that problem is a common goal of both the 14-19 White Paper and this White Paper.

110. Although the task is huge, we are beginning to make progress. The Skills for Life strategy exceeded its initial 2004 target of helping 750,000 adults achieve their first nationally-recognised basic skills qualification. In total, 2.4 million adults undertook 4.8 million basic skills programmes between April 2001 and July 2004¹⁴ including 148,000 tests taken online. This progress is a testament to the commitment of many colleges, training providers, voluntary groups and employers. Above all, it represents a personal triumph for many of the learners in gaining the self-confidence to prove to themselves that they could learn and gain qualifications.

111. As well as the 653,000 LSC-funded learners who undertook Skills for Life training for the first time in colleges in 2003/04, many individuals have been helped by Union Learning Representatives in the workplace. Ufi **learn**direct is becoming an increasingly significant provider of basic skills programmes. It is helping 15,000 adults to achieve nationally-approved Skills for Life qualifications in 2004/05, within a total of 100,000 adults taking Ufi literacy and numeracy programmes. Training programmes for offenders, and for Jobcentre Plus welfare claimants, have made substantial contributions to achieving the national target for 2004.

¹⁴ For further details of the progress of the Skills for Life programme, see *Skills for Life – Delivering the Vision 2001-2004*, DfES, 2004.

Chart 3: Number of Adults (aged 16–65) Qualified to Different Levels of Literacy and Numeracy in England, 2002-03 (millions)



Source: Skills for Life Survey (2003)

112. Skills for Life will remain the key delivery programme for achieving our basic skills goals. Over half of the qualifications counting towards the 2004 Skills for Life target were gained by 16-18 year olds. So the Skills for Life programme represents a key mechanism for delivering our goals for basic skills amongst 14-19 year olds as well as adults.

113. But this progress is only a start. As set out in the 14-19 White Paper, our goal is that by age 19 all young people should gain functional skills in English and maths at Level 2 standard (equivalent to GCSE Grade A* to C). At this level, they are able to apply their skills confidently in a range of different contexts. For those aged 16 and over, we are committed to helping 2.25 million people achieve Skills for Life recognised qualifications by 2010. In order to achieve those goals, we will strengthen our programme in the following ways.

Stronger Focus on Gaining Functional Skills in English and Maths to Level 2 Standard

114. We want to help more adults gain functional literacy, language and numeracy skills at Level 2 standard. For the 14-19 age group, we have stated in the companion White Paper that Level 2 will be the standard that young people should reach. Whilst we have the same ultimate ambitions for adults as for young people, we recognise the scale of the challenge that entails. The latest Skills for Life survey estimated that there are 5.2 million adults with literacy skills below Level 1 (below GCSE Grade D to G), and 14.9 million with numeracy skills below this level. In total, over 20 million adults do not demonstrate capability and competence in everyday literacy and numeracy tasks at Level 2 standard¹⁵.

¹⁵ Source: *The Skills for Life Survey*, DfES, Research Report 490, 2003

115. For many adults, juggling as they do responsibilities for families, children, work and community involvement within busy lives, getting from where they are to a Level 2 standard in literacy, language and numeracy is simply too big a leap to contemplate. The majority of adult participation in Skills for Life learning is on a voluntary basis and usually part-time. We believe that adult learners are well-served by the current Skills for Life Strategy which focuses on providing the graduated steps in basic skills which represent attainable goals – namely, Entry Level 3, and Level 1 as well as Level 2. So we shall continue to offer a wide range of programmes and supporting qualifications at those levels, and count their achievement towards the target. All those programmes will remain free of charge to eligible learners.

116. But wherever possible, we want adults to aim for basic skills at the Level 2 standard. We will encourage that through the Learning and Skills Council's (LSC) business cycle. We will increasingly prioritise within the allocation of LSC funds Skills for Life programmes leading to Level 2, and focus available LSC funds on those basic skills programmes that incorporate the Skills for Life standards, guaranteeing worthwhile progress and measurable achievement for learners.

117. We will continue to develop online e-assessment for basic skills which can be integrated into programmes of teaching and learning. This will make assessment more accessible to learners and reduce the burden on teachers and trainers.

118. We will create a stronger expectation that Level 2 in basic skills is the right standard to aim for within:

- a. The National Employer Training Programme.
- b. Ufi **learndirect** programmes.
- c. Literacy, language and numeracy training for those on Jobcentre Plus welfare benefits (where 75% have literacy skills below Level 2 and 86% have numeracy skills below Level 2).
- d. Training programmes for prisoners and other offenders (where 50% have poor reading skills and 67% have poor numeracy skills).

119. We have set out in the 14-19 White Paper the way we intend to ensure that young people achieve high standards in the basics, including the design of specific modules which focus on the functional and practical application of English and maths. These units will be incorporated within English and mathematics GCSEs but will be assessed separately. Passing these units will be a prerequisite for gaining a full GCSE. For those who pass the functional element without succeeding in the GCSE, separate certification will be available. The knowledge and skills that make up these units will draw on the Skills for Life standards, curricula and tests. These units will replace the current Skills for Life qualifications for use by adults seeking recognition for their progress and achievements.

120. As the QCA's proposed new Framework for Achievement is progressively rolled out, these units will also form part of that Framework, available to be integrated within wider training programmes. The work of SSCs in designing sector-based training programmes representing occupational competence in each sector should integrate those units. In these ways we can ensure that, over time, literacy, language and numeracy skills to Level 2 become more widely embedded in training for adults.

English for Speakers of Other Languages

121. We will provide language and literacy skills for adults who do not have English as a first language. The report of the Home Office Advisory Group on 'Life in the United Kingdom' recommended that one of the requirements for naturalisation should be the acquisition of English language skills, because these are critical to both social and economic integration. The DfES and the Home Office have been working together to support the citizenship agenda. We will integrate English language learning into the acquisition of employment skills and that wider agenda.

122. English for Speakers of Other Languages (ESOL) training programmes have more than doubled in the past three years. In September 2004 a new suite of Skills for Life ESOL qualifications was introduced. In January 2005 these became the only nationally-approved ESOL qualifications eligible for funding by the LSC for new learners. DfES has developed guidance and support materials for ESOL teachers who, to meet naturalisation requirements, may need to teach ESOL specifically in the context of citizenship.

Full Level 2 Qualifications as a Platform of Skills for Employability

123. As well as helping adults gain literacy, language and numeracy skills, we want to make sure that many more are equipped with the skills and competences that today's workplace demands. To operate productively at work demands a combination of job-related skills, generic employability skills (such as customer service or project management) and basic literacy, language and numeracy skills.

124. In previous Skills Strategy publications we have argued the case for focusing investment of public funds on helping individuals reach their first full Level 2 qualification¹⁶. We believe that remains valid. There are significant market failures operating at Level 2, and the market signals for low-skilled adults to gain full Level 2 qualifications are weak. Nonetheless, such training can bring significant productivity gains when combined with other factors, and particularly when training is undertaken with close employer engagement so that the skills gained can be effectively deployed. Full Level 2 qualifications are also associated with a number of wider benefits beyond wage returns, including:

- a. Higher rates of employment.
- b. Higher self-confidence on the part of the learners and greater willingness to undertake more learning.
- c. A greater likelihood that employers will invest in further training and qualifications for those who already have some qualifications.
- d. Social benefits such as association with better health, less criminality, and a more positive attitude towards social diversity.

125. We therefore reaffirm in this White Paper our commitment as set out in the July 2003 Skills Strategy and in the Public Service Agreement target on adult skills. That is, that by 2010 we will reduce by 40% the number of adults in the workforce without a full Level 2 qualification, compared with the baseline in 2001. That 40% equates to some 3.6 million adults. Chart 17 in Part 3 shows progress so far, and the trajectory required to meet the target.

¹⁶ See particularly *Developing a National Skills Strategy and Delivery Plan: Underlying Evidence*, DfES, March 2003; *Skills Strategy White Paper*, July 2003; and *Skills Strategy: Technical Supplement on Underlying Data and Evidence*, DfES, July 2004.

126. We have undertaken further analysis of the rates of return at Level 2 – that is, the gain in wage rates associated with achievement of the qualification. The results are set out in Part 3 of this White Paper. In brief, vocational Level 2 qualifications can provide a significant wage return to the individual if they are designed and delivered in the right way. The essential characteristic appears to be that they are undertaken with the close involvement of the employer. Intuitively, this makes sense. Better skills only lead to greater productivity if they are put to good use in the workplace. The employer's involvement in the design and delivery of the training package is more likely to ensure that an appropriate training programme is chosen in the first place, and that the learner has the opportunity to put their newly enhanced skills into practice.

127. This has important policy implications. It means that all concerned with the supply of training should have as a primary consideration that the learner will be able to deploy their new skills. As set out in Chapter 1, the National Employer Training Programme is the key employer-led programme for achieving that goal. At the core of the programme will be the offer of free training in literacy, language and numeracy skills, and free tuition to help employees gain their first full Level 2 qualification. Similarly, the New Deal for Skills will incorporate full Level 2 programmes with a clear work focus (see Chapter 4).

128. For many learners, however, learning at a college or training provider in their own time will remain the right route. In the original Skills Strategy, we made a commitment to introduce a 'Level 2 entitlement'. That offers for the first time to low-skilled adults a guarantee of free tuition to achieve their first full Level 2 qualification.

129. This entitlement is being trialled in the North East and South East regions as from Autumn 2004. The trials aim to offer an integrated package for the learner, simple to understand and easy to access, combining the entitlement to free tuition, with better information and advice, and for priority full-time learners a grant to help meet the wider costs of learning. At the same time, the trials aim to identify and prioritise those skills and qualifications most in demand from employers, and hence most likely to lead to good prospects of sustainable and rewarding employment. Where a learner without a full Level 2 is capable of studying straightaway at the higher Level 3, they are able to 'jump' straight to study at that level.

130. There are valuable lessons being learned from the trials. Colleges have embraced the entitlement and the focus it gives to employability skills. Where the entitlement has been available in conjunction with Employer Training Pilots (as in the North East region), the two have reinforced each other and employers have a choice about how best to use the resources available. The trials are helping to identify how best to package and market the support in ways that will be stimulating and attractive to people with low skills. They are also showing how we can introduce this change in funding priorities in a way that does not cause unmanageable disruption to the pattern of learning provision in colleges and training providers.

131. In 2005-06 we will use the experience of the trials to develop the capacity of the further education sector to deliver the Level 2 entitlement. We will expand the availability of fully funded first Level 2 qualifications in all regions, working towards the entitlement being available nationally from 2006/07. The LSC will introduce from September 2005 in all regions the arrangements which will be needed so that a wide range of colleges and training providers can offer the entitlement from 2006/07. Using 2005/06 as a transition year in this way will allow colleges to undertake the necessary reshaping of programmes in preparation for full national introduction of the entitlement.

132. In the LSC's November 2004 grant letter, the Secretary of State for Education and Skills remitted the Council to prepare for full application of the entitlement from 2006-07, alongside progressive introduction of the NETP. Taken with the other measures in this White Paper, that means that all major elements of the Skills Strategy will be in place from that year.

133. As noted above, we need to strengthen the link between Level 2 training and the application in the workplace of the resulting skills gained by learners. We do not want to restrict the Level 2 entitlement to vocational qualifications¹⁷. Qualifying adults will be able to exercise their entitlement across the range of full Level 2 programmes. But we will strengthen the link in the following ways:

- a. As the LSC plans the development of programmes over time through successive iterations of the business cycle, priority will be given to expanding programmes in full Level 2 vocational areas.
- b. The SSCs will have a major responsibility for developing full Level 2 programmes focused on employers' needs in their sector, and designed to fit within the proposed Framework for Achievement.
- c. In the trial regions, the Level 2 entitlement is only available through some training providers. In steady state, the entitlement will be available through the full range of LSC-funded training providers, as well as through colleges.

Level 3 Skills and Qualifications

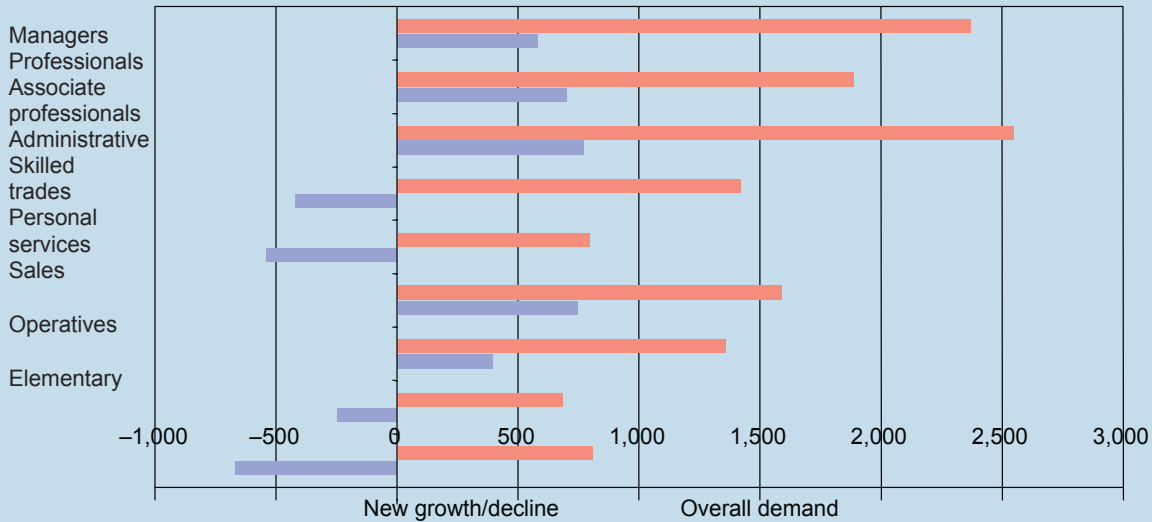
134. Important though Level 2 skills are as a platform of employability skills, they are in no sense the only priority. As shown in *Skills in England 2004*, some of our key national skills gaps are at Level 3. Many employers and sectors need to recruit people qualified to at least Level 3. Helping more people to achieve Level 3 technician, advanced craft, skilled trade and associate professional skills gives them highly valued and marketable skills in areas of economic shortage. So a major priority of this White Paper is to strengthen support for many more people to achieve a Level 3 qualification.

135. To illustrate this, Chart 4 sets out projected trends in the qualifications needed by the economy over the next decade. It shows both *relative* changes in demand by level, and the *total* projected demand after taking account of natural turnover in the labour market, as older people leave to be replaced by a flow of younger people. This brings out that relative demand will be stronger in those sectors requiring higher level qualifications.

136. Substantial public support is already available to help individuals achieve Level 3 qualifications, including:

- a. A wide range of LSC-funded programmes. In 2003/04, LSC funded 465,000 learners aged 19 and over aiming for a Level 3 qualification. 125,000 of those were studying for a full Level 3 (equivalent in standard and breadth to two GCE A-level passes). £428 million (23%) of the adult training budget was spent on Level 3 learners, of which nearly £187 million was spent on those aiming for a full Level 3.
- b. Access to information and advice about Level 3 opportunities through the learndirect helpline and local information services.

¹⁷ A list of full Level 2 qualifications that are eligible for the Level 2 entitlement has been agreed between the LSC and the QCA and is available in the Learning Aim Database on the LSC website at www.lsc.gov.uk/National/Partners/Data/ProviderSoftware/LAD/default

Chart 4: Projected occupational change 2002-2012 (thousands)

Source: *Working Futures National Report 2003-04 (2004)*, IER Table 5.1

- c. Many Level 3 learners benefit from the remission of fees, including all those aged 16-19 and those on income-related welfare benefits. Those aged 18 or over can borrow up to £8,000 through a Career Development Loan.
- d. The trials of the new Adult Learning Grant (ALG), which are helping adults studying full-time at Level 3 in 19 local LSC areas. The grant pays up to £30 per week for full-time learners aged 19–30 studying for a first full Level 3 qualification. 80% of current grant holders in the pilot areas are studying at Level 3.
- e. Trials of Apprenticeships for adults, focused on Level 3. The trials are in three sectors – health and social care, construction, and engineering. They are testing out the application of the principles of the existing Apprenticeships programme to the different needs of adults. The trials will last until March 2006.

Strengthening Support to Level 3

137. Given the importance of Level 3 skills to the economy and to individuals, the next phase of the Skills Strategy will give greater priority to that level. As announced in the December 2004 Pre-Budget Report, Lord Leitch is undertaking a review of long-term skills needs, taking account of global economic trends, through to 2020. Working with the Sector Skills Development Agency (SSDA) and the LSC, that review will assess projected long-term skills needs by level and by sector, and the roles of different partners (Government, employers and individuals) in meeting those needs. In the light of that review, we will determine what long-term ambition we could set for the proportion of young people and adults achieving a full Level 3 qualification.

138. Meanwhile, the main elements of our approach to supporting Level 3 will be as follows.

139. We will develop the Level 2 entitlement described above so that it can support any low-skilled adult wanting to progress directly to their first Level 3, rather than being limited to a Level 2. This approach is being developed, in response to learner and employer demand, through the current trials in the North East and South East.

140. We will develop the National Employer Training Programme in much the same way, so that low-skilled adults who want to progress direct to a first Level 3 can do so (with their employer's support), rather than being limited to a Level 2. This means that, for both the Level 2 entitlement and the National Employer Training Programme, the same level of public funding will be available as for Level 2 programmes, but where learners and employers wish to do so, they can use that funding to support progression direct to Level 3 for low-skilled adults.

141. As described in Chapter 1, it will be an integral part of the National Employer Training Programme that brokers can source Level 3 training for the employer as part of the overall training package. As shown in Part 3, the rates of return to a Level 3 qualification benefit the individual and the employer as well as the wider economy and this should be reflected in relative contributions to the cost. The broker can either signpost the employer to the existing range of publicly-subsidised Level 3 training available in colleges and training providers in the area, or can arrange the sourcing of Level 3 training in the workplace at the employer's cost.

142. We will also trial in two regions building an element of funding into the National Employer Training Programme budget which brokers can use to provide a funding contribution, to be matched by the employer, towards the cost of Level 3 training delivered in the workplace. £20 million each year will be allocated for that purpose in 2006-07 and 2007-08. We see that as a potentially important way of continuing to build the demand-led approach through redeploying an increasing proportion of LSC mainstream funding for adult skills through the National Employer Training Programme, giving the employer real 'purchasing power', securing better value for money, and developing a fair balance of investment between the state, the individual and the employer. We will draw on the lessons learnt from this trial in deciding how best to achieve our wider goal of giving employers more choice and control over training.

143. In the original Skills Strategy, we said that Level 3 programmes would be targeted on areas of sectoral and regional priority. Now that, as described in Chapter 6, Regional Skills Partnerships (RSPs) are established in each region and Sector Skills Agreements are being developed, we want to take that approach a step further. We will remit each RSP to agree, in the light of Sector Skills Agreements as they come on stream and the relevant Regional Economic Strategy, their Level 3 priorities. The existing funds available from LSC, Regional Development Agency (RDA), European and other budgets to support Level 3 programmes will be identified, and deployed to focus on those priority areas. The RSP should aim to leverage public funds by seeking funding contributions from employers.

144. We will continue to develop our trial programme of Adult Learning Grants (ALG), with a strong focus on Level 3. In 2005-06 the grant is available in 19 areas, including both of the regions which are trialling the Level 2 entitlement (North East and South East). As noted above, some 80% of ALG take up in the existing trial regions is at Level 3. The grant appears to be filling a valuable niche in helping young adults up to the age of 30 (mostly single and living with their parents) to complete in effect an extended initial education through to Level 3, gaining highly marketable technician, advanced craft, skilled trade and associate professional skills as a result. Given the need for better support to help more people gain Level 3, that is an encouraging result.

145. We shall continue to evaluate carefully the impact of supporting learners through the Grants. A summary of the evaluation evidence so far is being made available through the website www.dfes.gov.uk/skillsstrategy. The full evaluation of the first two years of the Grant is being undertaken by the Centre for Research and Social Policy at Loughborough University, and will be published in early 2006. Subject to the evaluation evidence showing that the Grant continues to be successful in achieving its objectives, we will extend the programme to two further regions in each of 2006-07 and 2007-08, and to the remaining three regions in 2008-09. On that schedule, the Grant would be nationally available from 2008-09.

146. The LSC published in July 2004 proposals for consultation¹⁸ on the reform of learner support programmes which help adults meet the costs of training in further education. They envisaged developing a hierarchy of support, better linked to the priorities of the Skills Strategy, with ALG for those seeking their first Level 2 or Level 3 qualification by full-time study, learner support funding paid at college discretion for other adults in need, and the provision of loans for those who already had qualifications, including those seeking a further Level 3 qualification. The proposals were broadly endorsed by those who responded, and will be carried forward as part of the continuing Skills Strategy implementation programme.

Skills and Higher Education (Level 4+)

147. Higher Education (HE) has a long and impressive record of equipping people with higher level skills relevant to their working lives. For most of the professions, such as medicine, teaching and many forms of engineering, an HE qualification (at Level 4 or 5) is generally needed before anyone is allowed to enter that profession. Over the years, universities and colleges have responded flexibly to the changing skill needs of the economy through updating the design and delivery of programmes, working closely with employers. This includes bespoke training programmes carried out for particular firms or sectors which do not lead to externally validated qualifications. Just under 40% of HE students are studying part-time.

148. Overall, HE in this country is a success story. The UK performs well against international competitors in terms of graduate output and research excellence. Wage returns to individuals from achieving a first degree remain high, indicating that employers value the skills and attributes of graduate recruits. Employers in the public and private sectors benefit from the research output from our universities. At the same time, the economy's demands for higher level skills are projected to keep rising. In volume terms, HE participation has expanded substantially over the past two decades. Our target to work towards 50% participation in HE amongst 18-30 year olds indicates the importance we attach to sustaining a strong flow of young people with graduate qualifications. We also want to encourage progression onto postgraduate study, especially in science, engineering, and mathematics. But in all this, we want to ensure that the flow of HE- level skills and qualifications aligns well with the current and future needs of employers.

149. Good progress is being made. In particular:

- a. We have helped universities and colleges to introduce Foundation Degrees as a new type of HE programme, specifically designed with employers to meet their skill needs. Nearly 38,000 students are currently enrolled.

¹⁸ Consultation on Fees, Funding and Learner Support in Further Education: *Investing in Skills: Taking Forward the Skills Strategy*, LSC, July 2004

- b. We have funded a major strengthening of the links between universities and business in support of knowledge and technology transfer, business creation and support for innovation. RDAs recognise universities as primary contributors to regional economic growth. The Higher Education Innovation Fund (HEIF), which supports such work, will increase to £110 million a year by 2007-08. RDAs will be closely consulted on the development of the third round of HEIF. Universities are central to both the Innovation Strategy and the 10-Year Science Framework.
- c. We are putting in place stronger arrangements to ensure greater equality of access and opportunity in HE. We cannot afford to squander talent, so we must ensure that our most able young people set their sights on going to HE, and have fair opportunities to attend the best universities. HE providers will not be able to charge the new higher variable fees to students unless they have an access agreement approved by the Office for Fair Access. That must include provision for bursaries for students from lower income backgrounds, where a £3,000 fee is charged, and outreach programmes to encourage applications from those students.
- d. The Higher Education Funding Council for England (HEFCE), with the LSC, have invited proposals for Lifelong Learning Networks to build collaboration between colleges, training providers and higher education in supporting progression.

Strengthening Higher Education-Level Skills

150. To strengthen the flow of HE-level skills, we will increase places available for the Foundation Degree programme as a key vehicle for expansion in higher education. As they are developed in partnership with employers, we want the HEFCE to look at how it can stimulate more joint financing of these programmes with employers. This is consistent with the wider principle of the Skills Strategy of balancing the contributions between employers, learners and the state.

151. Now that the SSCs are in place, we want to see stronger links between Councils and HE. There are already some good examples, including e-skills UK working with a range of universities on a new IT degree programme, and Skillset supporting a range of screen academies. We will support SSCs in devising the best way of working with HE, for example, through SSCs identifying those programmes which best meet the skills needs of employers and establishing collaborative centres of excellence. SSCs will be consulted, alongside the RDAs, on the allocation of additional places to universities and colleges. They also have a role in ensuring that students have good information and advice about career options in different sectors. We will seek people with experience of the Skills for Business Network on the HEFCE's board and likewise seek an HE representative on the Board of the SSDA.

152. In January 2005, the HEFCE announced funding for 74 Centres for Excellence in Teaching and Learning (CETLs) in HE. A further 24 CETLs will be awarded by 2008. We want CETLs to work with individual SSCs, wherever relevant, to develop the HE curriculum to meet the needs of employers for higher-level professional skills including problem-solving, research and innovation.

153. We will strengthen the role of HE within RSPs, so that they can work with RDAs and others in identifying and supplying the HE-level skills that will best support achievement of Regional Economic Strategies. The HEFCE's funding decisions on the allocation of student places will take account of regional priorities. We are aware of concerns that decisions by individual universities to close particular teaching or research departments of strategic importance could damage a region's prospects and the achievement of its economic goals. We believe it is important for universities, and not Government or its agencies, to decide what they teach.

However, we recognise the interest of RDAs in the contribution that research and HE-level skills can make to building regional economic strategies. We have asked the HEFCE for advice on a list of proposed subjects of national strategic importance and whether further intervention may be appropriate to strengthen and secure them.

154. We will develop new ways of supporting HE in the workplace. At present, the HEFCE only funds HE programmes delivered by universities and colleges. The LSC funds a limited range of Level 4 programmes in work-based training providers, but otherwise there is no publicly-funded support for HE-level training in the workplace, even though there is a significant volume of privately-funded activity, leading particularly to professional qualifications. That contrasts with the position in Further Education (FE), where training is supported in colleges, in work-based training providers, and in individual employers. So we want to examine how employer-delivered HE training could be better supported, clarifying the respective roles of the LSC and the HEFCE.

This will not involve the Government paying for training that is already undertaken and paid for by employers. We will start by funding some demonstration projects, supporting universities and colleges to work with major employers to validate delivery of HE training in the workplace, and provide those elements that require off-site training or specialist teaching facilities.

155. Through that work we will review the current funding boundaries between FE and HE which can create obstacles for employers, SSCs and others. Those obstacles can apply, for example, in seeking to create closely-linked progression routes from Apprenticeship and Advanced Apprenticeship through to Level 4 programmes based on the Apprenticeship model, and on to Foundation Degrees, full honours and postgraduate courses. The LSC and the HEFCE are reviewing how they can work more closely together to reduce these obstacles.

156. As the QCA develops the proposed Framework for Achievement, we must ensure that it supports credit accumulation and progression through to HE. The HEFCE has been asked for advice on how we can move to a national credit framework by 2010, in a way that aligns with other credit systems within the UK and with European developments. The QCA and HE partners will work together to ensure that this alignment is achieved.

e-Learning and ICT Skills

157. The pervasiveness of ICT in most workplaces, as well as for many leisure purposes, means that people who cannot use these new technologies are at a significant disadvantage. So we should treat functional competence in ICT as a form of basic skill. Many young people and adults will also want to develop their skills well beyond the basic level, through to the most advanced levels of study.

158. As set out in the 14-19 White Paper, ICT will be one of the functional skills that all young people are expected to acquire as part of their initial education. For adults, a very wide range of training programmes are already available, through colleges, training providers and the Ufi **learndirect** network. Over 360,000 learners enrolled on Ufi **learndirect** ICT courses in 2003/04. ICT is the most popular subject of study in FE, with 1 million people taking 1.4 million programmes in 2003/04. 91% of those programmes were at or below Level 2 in standard.

159. To strengthen that range of training in ICT linked to the Skills for Life programme, we are taking the following action:

- a. As set out in the 14-19 White Paper, we shall ask the QCA to review the GCSE in ICT to identify a functional skills element which can be available as a qualification in its own right for those not taking the full ICT GCSE. That element will build on the ICT Key Skills qualification and Skills for Life Standards.

- b. To support the new standards, a core curriculum will be published in 2005. This will be similar in style to the curricula for literacy, language, numeracy and ESOL. It will be a tool to enable teachers to develop learning programmes based on these standards.
- c. New Entry Level qualifications will be available by Autumn 2005 and we will introduce a new interactive test at Levels 1 and 2.

160. Beyond these basic skill levels, working with QCA and e-skills UK, we are supporting progression in ICT, and the wider use of e-learning through the following measures:

- a. A new Teaching and Learning Framework for ICT will be launched in Autumn 2005. It will provide support for tutors in colleges and other training providers in making ICT learning relevant to learners' life, learning and work.
- b. e-skills UK is leading a project to identify and meet skills needs across the economy for those needing to use ICT at work. Their e-skills Passport is being used by over 10,000 people as a means of recording the range of skills and training they have completed.
- c. An e-learning champion has been appointed for the Skills for Business Network. Based in e-skills UK, she will provide support so that the use of technology is reflected in Sector Skills Agreements.
- d. ITQ, the new National Vocational Qualification for IT at Levels 2 and 3, has been piloted successfully. It will become an increasingly important qualification for adults in the workplace.

161. We need to provide access to ICT for those people who do not have facilities at work or at home. There are over 6,000 UK online centres located in libraries, community centres and colleges providing such access. In 2003/04 the library-based centres alone provided 44 million internet hours and 11.7 million recorded user sessions. Community venues and colleges attracted some 300,000 people.

162. The network of online centres is now being managed by Ufi **learn**direct in order to ensure that learners can progress on to more advanced programmes if they wish. The centres are piloting a wide range of internet-based public services, to help those without access to ICT at home or work to be able to use those services. As discussed in the next chapter, we believe the centres also have a valuable role to play in providing better information and guidance services for adults over the longer term.

Chapter 4

Skills Opportunities for All: Helping Individuals to Help Themselves

To benefit from the range of training available, people need information and guidance to help them identify the options that will best realise their ambitions. That support needs to be available for everyone, with targeted help to develop their skills for those in greatest need. We will:

- Provide better information and guidance on training and jobs, and what will best suit each individual's needs.
- Support adults moving from welfare into work by providing appropriate advice and training including training in literacy, language and numeracy skills for those who need it.
- Provide better support for older people, both to re-skill throughout their working lives, and to continue in training and learning as a fulfilling part of active retirement.
- Promote greater equality of opportunity in access to training.
- Safeguard a wide range of skills and training for pleasure and personal development, and to support family and community learning.

Information and Guidance

163. Many of our objectives for skills can only be met through good information and guidance about what training is available, how it would help, and how to get it. This is part of a much larger goal: to help people make the most of their lives, and achieve their ambitions for themselves, their families and their communities.

164. Better skills and qualifications will often be at the heart of that self-advancement. But for many people they will not be enough by themselves. Consistent with the theme of the whole Skills Strategy, they need to be part of a package which helps people fit together the pieces of the jigsaw: how skills and qualifications link to career options; how help with childcare and care of other dependents can support part-time and full-time employment options; and planning for retirement and old age.

165. So this is our long-term ambition: that everyone should be able to get help if and when they want it to take stock of where they are in their lives and their careers; to review where they would like to get to; and assess what steps they can take to get there. Some of that can be done through self-assessment, and many people will continue to rely on advice and guidance from informal sources and community groups. But some of it demands high-quality, expert guidance, meeting each individual's needs.

166. The 14-19 White Paper sets out the Government's proposals for the principles that will underlie the quality of advice for young people. They will provide better information about vocational routes, career options, work experience, and the skills and attributes that employers are looking for, and overall give a better understanding of the demands and opportunities of the world of work. There will be an important role for Sector Skills Councils (SSCs) in ensuring that up-to-date and attractively presented information is available. The Department of Trade and Industry (DTI) will extend the successful Science and Engineering Ambassadors programme to help teachers promote science and engineering-based careers to young people in schools. They will work with Engineering and Technology Board (ETB) to recruit more technicians to be Ambassadors thereby enthusing more young people to choose this as a rewarding career.

167. On information and guidance for adults, we have made good progress over the past two years. In particular:

- a. We have integrated the services of the local information, advice and guidance partnerships and Ufi **learndirect**'s national helpline, under the management of the Learning and Skills Council (LSC). That means they can provide an integrated service of face-to-face, telephone and web-based information and advice services.
- b. We have published new service standards for the delivery of information and advice for adults, which set out what services people are entitled to expect and the standards to which they should be delivered.
- c. The LSC has agreed new contracts for the delivery of information and advice services for adults, operating to higher quality standards and requiring accreditation against the 'matrix' national quality standard. There is a new brand for LSC local advice services – **nextstep** – to complement **learndirect**'s national brand.
- d. 1,200 public and private sector organisations have achieved accreditation against the 'matrix' standard for high-quality information and advice services.
- e. The Adult Learning Inspectorate (ALI) has completed a first review of information and advice services. From January 2006, regular inspections will provide a clearer picture of quality and good practice.
- f. Information and advice services have been components of the Employer Training Pilots (ETPs), and will be integrated in the National Employer Training Programme.
- g. We have improved the collection and use of labour market information to support advice services. Online information is available through Worktrain, the National Resource Service and the National Guidance Research Forum websites.

168. Through these reforms, we now have in place an extensive infrastructure for information and guidance services. It embraces the Ufi **learndirect** website and telephone helpline, the Worktrain website, Ufi's 1,500 learner centres, the 6,000 UK online centres and the 47 local partnerships managed through the LSC. But at present, that infrastructure is not achieving anything like its full potential in providing high-quality, individual advice and guidance for adults who want it. Too few people are aware of the service or think it would be relevant to their needs.

169. The eventual goal is to build up this infrastructure to support adults to progress in their careers and their lives. This would be a universally available, highly respected, and well used service offering linked information on jobs, qualifications, training and related services such

as childcare. It would make use of the existing wide range of web-based self-assessment and diagnostic tools, but would also give guidance online, over the telephone, or face to face for people wanting help to identify the best way of getting on. It could provide supplementary guidance services that people pay for, alongside a core of free services.

170. We will establish a review to determine how best to pursue that goal. The review will be undertaken jointly by the Department for Education and Skills (DfES), the Department for Work and Pensions (DWP), the DTI, the LSC, Ufi **learn**direct, Jobcentre Plus, and the Sector Skills Development Agency (SSDA). It will develop a business plan by the end of September 2005. It will identify which databases and information sources are most relevant to the intended guidance service, and how they are best linked; the number and type of staff that would be needed; the potential role of face-to-face guidance services, where they are best located, and how they are best managed; and the scope for charged as well as free services. The funding requirements would be pursued as part of the normal spending review process.

171. Meanwhile, as a first step, we will be introducing a new Skills Coaching service (see paragraph 183) aimed at supporting individuals on Jobseekers Allowance and Income Support to get this form of intensive, personal advice and guidance.

172. We will also work with Ufi **learn**direct to extend, on a trial basis, their call centre service so that it can offer more intensive, personal guidance. The project, to be undertaken jointly with the LSC, the SSDA and others, would review the number and skills of call centre advisers needed to undertake this work; and how to ensure that they can draw on a wider range of databases, including information on job opportunities, labour market information, employment, and children's support services. The service would be particularly aimed at people seeking to progress in their careers, and those looking to gain the skills for technician, advanced craft, skilled trade, and associate professional jobs, typically requiring a Level 3 qualification. It would also cover those returning to work from career breaks, especially women who have taken breaks to care for children. We intend to begin the trial in Spring 2006.

173. These independent information and guidance services for adults need to link closely to careers guidance services for young people and adult students enrolled in schools, colleges and universities. Much of the same labour market information and data on jobs, training and qualifications will support these embedded services for students as well as the independent services. We want to see the 'matrix' standard, which sets out criteria for the quality of services provided by professional guidance staff, applied more widely, including to college careers guidance units. We must also ensure that the advice provided is based on the individual's needs rather than stereotypes based on their gender or background.

174. Much of the same underlying information about skills and jobs would also be useful to employers if analysed and presented in the right way. We will develop the Employer Guide to Good Training, so as to strengthen the links with the Skills for Business Network. This will offer web-based information for employers, linked to SSC employer helplines.

Giving Learners More Ownership of their Learning

175. Underlying much of the Skills Strategy is a need to encourage more people – both employers and learners – to see how skills and qualifications can help them achieve their wider goals, and to believe that they have the power to do something about that. Many people do not feel that sense of empowerment and ownership of learning and training. So in carrying forward

the Skills Strategy, we want to create a stronger sense of ownership amongst learners for their own lifelong learning. The main elements of this are to:

- a. Define clearly what forms of training and support people are entitled to (notably through the Level 2 entitlement).
- b. Present those entitlements in a jargon-free, attractive way so that people understand what they mean, and what benefits they bring. This needs to explain the public subsidy available, even where fees are payable, to give greater transparency in understanding the total value of the training.
- c. Provide information and guidance services, as discussed above, so that people can work out what training option is best for them, and see the links between training and employment.
- d. Enable each learner to maintain a full, up-to-date record of their own achievements. The key building blocks for this will be provided by the development of a Unique Learner Number, combined with the online learner record proposed by the QCA, which will track each learner's achievement of different units and modules as they build up credit towards qualifications.

Supporting Adults to Progress from Welfare to Work

176. Too many people are held back from sustained, productive, decently-paid employment by their lack of skills. We cannot and should not take on the role of attempting to assure people of jobs for life. That era is gone. But, working with a range of partners, we can use public funding and programmes to help as many people as possible gain the skills that will maximise their prospects of being able to secure employment in a constantly changing labour market. That help should focus on those adults receiving welfare benefits whose lack of skills and qualifications is a major impediment to securing the employment they want.

177. Achieving that requires better co-ordination of employment and skills programmes. In the past, they have not linked as well as they should in supporting individuals. Employment services could be over-focused on getting people into jobs with insufficient regard to whether they had the skills for sustainable productive employment. Training services did not always put enough emphasis on learners' employment needs and goals, and how they could develop corresponding skills.

178. The National Employment Panel's (NEP) 2004 report on 'Welfare to Workforce Development'¹⁹ sought to address these gaps. It made recommendations on how different parts of Government can work more closely together to improve the support for benefit recipients with significant skills gaps who want to get jobs. The report was welcomed by the Government. Its recommendations are now being taken forward as part of the New Deal for Skills by Jobcentre Plus and the LSC, with the DfES and the DWP.

179. Box 1 summarises progress in implementing the key recommendations of the NEP report.

¹⁹ *Welfare to Workforce Development*, National Employment Panel, February 2004

Box 1: Progress on Key Recommendations of the NEP Report: 'Welfare To Workforce Development'

Recommendation 1: DfES, DWP, Jobcentre Plus and LSC should develop shared objectives and performance indicators

Through the Skills Alliance, we have agreed a framework of shared priorities which link skills and qualifications to improved business performance and labour market capacity²⁰. The DfES Public Service Agreement target on adult skills has been revised to make a link to employability. Jobcentre Plus is including within its target structure measures on job sustainability as well as job entry.

Recommendation 2: Targets should be set for basic skills achievements, and basic skills programmes should be given priority in funding allocations

Jobcentre Plus has introduced a new approach to screening for basic skills needs, including for recipients of inactive benefits. It has introduced new planning assumptions for the number of claimants successfully completing basic skills programmes. The proposals in Chapter 3 of this White Paper reinforce the priority of basic skills within LSC planning and funding.

Recommendation 3: Better support for claimants to train

The DWP's planned trial of the Learning Option as part of the New Deal for Skills (see paragraph 189) meets this recommendation.

Recommendation 4: Local LSCs and Jobcentre Plus Districts should agree local joint delivery plans

All local LSCs now have joint delivery plans agreed with Jobcentre Plus. These set out how the two organisations will work together, helping claimants to get training that will prepare them for local jobs. This joint working will be further developed as set out in paragraph 180.

Recommendation 5: LSC and Jobcentre Plus should harmonise their approach to contracting for training

Both organisations have taken first steps to standardise their procurement and contracting practices and are exploring what more they can do to work with providers in a consistent way. As noted in paragraph 181 b, alignment of contracting for basic skills and English for Speakers of Other Languages (ESOL) training is a priority for the next phase.

Recommendation 6: Local information and guidance services should give priority to disadvantaged groups, and should be inspected

The trials of a new Skills Coaching and Passport service (see paragraphs 185 and 187) address this recommendation. The newly designed LSC contracts with local information and guidance providers focus on low-skilled individuals. The Adult Learning Inspectorate has produced a report on information and guidance services. Regular inspections will be undertaken from January 2006.

Recommendation 7: There should be more collaboration between Jobcentre Plus, LSC and Business Link on services to employers

This is being taken forward through the work remitted to Regional Skills Partnerships (see paragraph 285 of Chapter 6) to integrate brokerage and business support services in each region.

Recommendation 8: The Apprenticeships target should focus on outcomes, and the age cap on participation in Apprenticeships should be removed

The DfES Apprenticeships indicator has been changed to focus on outcomes, not participation, with the objective of increasing by three-quarters the number of people completing Apprenticeships between 2002/03 and 2007/08. As a step towards lifting the age cap, we are trialling entry to Apprenticeships for adults in three sectors: engineering, construction, and health and social care.

²⁰ See www.dfes.gov.uk/skillsstrategy

180. Central to many of the NEP recommendations is a new partnership in each area between the local LSC and Jobcentre Plus district. In some cases, that partnership is already well established. It needs to become universal. In every area, the local LSCs and Jobcentre Plus Districts will jointly plan provision for those seeking employment, linking training opportunities to identified local and regional employer need, including hard to fill vacancies. In this way we will progressively integrate LSC and Jobcentre Plus activities, rather than promoting competing skills and training programmes as sometimes happens at present.

181. There is a lot of potential to keep strengthening joint working across skills, training and jobs. In particular, we will:

- a. Use the local delivery plans to encourage the flow of Jobcentre Plus clients into vacancies with employers who are participating in the National Employer Training Programme (see Chapter 1). This would allow people to be placed in jobs, particularly hard-to-fill vacancies, with training support provided for the employer as part of a National Employer Training Programme thereby helping to integrate support for employers and for learners.
- b. Test an approach of better alignment of purchasing of skills and training programmes, so that increasingly Jobcentre Plus defines the basic employability skills that it needs to secure for its clients, but works with the LSC to commission the necessary training programmes from providers. This principle will be applied in the commissioning of literacy and numeracy programmes, as outlined in paragraph 197, and could usefully apply as a next step to all ESOL training.
- c. Integrate Jobcentre Plus brokerage services for employers with the wider co-ordination of business support and brokerage services through Regional Skills Partnerships described in Chapter 6.

New Deal For Skills

182. The New Deal for Skills complements the original New Deal programme which, since 1998, has helped over a million people to find jobs. It comprises an integrated package of measures of support for those who have significant skills gaps which act as a barrier to sustained employment. The main features were set out in the March 2004 Budget.

183. From April 2005 we will trial a new Skills Coaching service. Going beyond the information and advice services usually available for adults, Skills Coaching will provide a one-to-one service for low-skilled benefit claimants, both those in receipt of inactive benefits and those on Jobseekers Allowance. It will help the individual assess the skills they do have, and the skills gaps that they need to fill in order to improve their employment prospects; provide advice on the best training to help fill those gaps; and then move into employment. It represents a first application of the ambition for an intensive, personal guidance service for adults set out in paragraphs 169-173.

184. Take-up of skills coaching will be voluntary, with clients being signposted to it by Jobcentre Plus personal advisors. The service will be co-located in Jobcentre Plus offices wherever possible, while also linking to colleges and other training providers. It will have an important role in helping individuals gain basic skills and Level 2 qualifications.

185. Skills Coaching is being trialled in eight Jobcentre Plus Districts – Derbyshire, Leicestershire, Nottinghamshire, Greater Manchester East, Greater Manchester West, Birmingham and Solihull, Devon, and North Yorkshire. The trials will start from April 2005, and run for 12 months. They will be evaluated, with long-term success being judged by the impact in raising skills and translating that into successful employment. We will decide the case for any national roll out in the light of evaluation of the trials and the resources available.

186. Many people have skills which are valued by employers but are not certificated through qualifications. There is a need to help low-skilled adults to record their success in gaining skills, both as a basis for conveying to employers what they can do, and a means of building their confidence. In time, the proposed QCA Framework for Achievement will make it easier for people to gain recognition for what they learn, by awarding credit for different units of training which can build up to a full qualification.

187. To meet this need, we will develop a Skills Passport which can be used in the eight districts where we are trialling Skills Coaching. The passport will be a document outlining the clients' entitlement to training and related support, and their progress in achieving relevant employment skills. It will show the client what their key development needs are for employability skills, and enable them to demonstrate progress in achieving those aims.

188. As with Skills Coaching, the principle of Skills Passports has a potentially wide application to large numbers of adults. We will use the learning from these trials to work with Sector Skills Councils in developing Skills Passports which can be portable, and will have currency within sectors beyond initial employment. e-skills UK has developed an e-skills Passport, as a means of compiling a systematic record of ICT skills, including certificates gained.

189. As the third major element of New Deal for Skills, from 2006 we will trial the Learning Option as part of the range of welfare programmes available to those without work. The Option will be available to both long-term unemployed people and those in receipt of inactive benefits for whom skills gaps represent a primary barrier to sustained employment. The Option will give clients £10 a week on top of benefits for those who choose to take up their entitlements to free tuition, for example a full Level 2 qualification for those who lack one. It will be conditional upon signing a Learning Agreement with the Jobcentre Plus Personal Adviser, and on active participation in the chosen learning following advice from Information and Advice services. This reflects the underlying principle that the state should provide effective support to individuals to gain relevant skills that will lead to better jobs, so long as the claimant shows the commitment to complete the training successfully and find appropriate employment.

190. As part of a balanced package, there will be changes to the regulations to ensure that, where Jobseekers Allowance claimants are training part-time, that training is genuinely part-time and supports the search for a job as the main priority.

191. The Five Year Strategy of the Department for Work and Pensions was published in February 2005²¹. It carries forward many of these principles, particularly in its focus on identifying those people on incapacity benefit who want to work but who need new skills and retraining in order to get back into work. This will draw on the experience of the 'Pathways to Work' pilots in trialling a new model for Jobcentre Plus delivery of the Government's return to work policies, for the 2.7 million people with health conditions and disabilities on incapacity benefits. For many of them, lack of skills and qualifications is one of the obstacles to be overcome in returning to work. Around 40% of people on incapacity benefits have no formal qualifications (compared to 22% of unemployed people) and around 15% have basic literacy and numeracy problems²². The reforms set out above, relating to the Learning Option, Skills Coaching, Skills Passports, and joint working between LSC and Jobcentre Plus will all be relevant in taking forward this agenda.

²¹ *Five Year Strategy: Opportunity and Security Throughout Life*, Department for Work and Pensions, February 2005

²² Source: Green Paper *Pathways to Work: Helping People into Employment*, Department for Work and Pensions, November 2002

Basic Skills in Welfare to Workforce Development

192. Many Jobcentre Plus clients need support in addressing basic skills in literacy, language and numeracy. There is a high correlation between basic skills gaps and being out of work. So the joint work between LSC and Jobcentre Plus must tackle that.

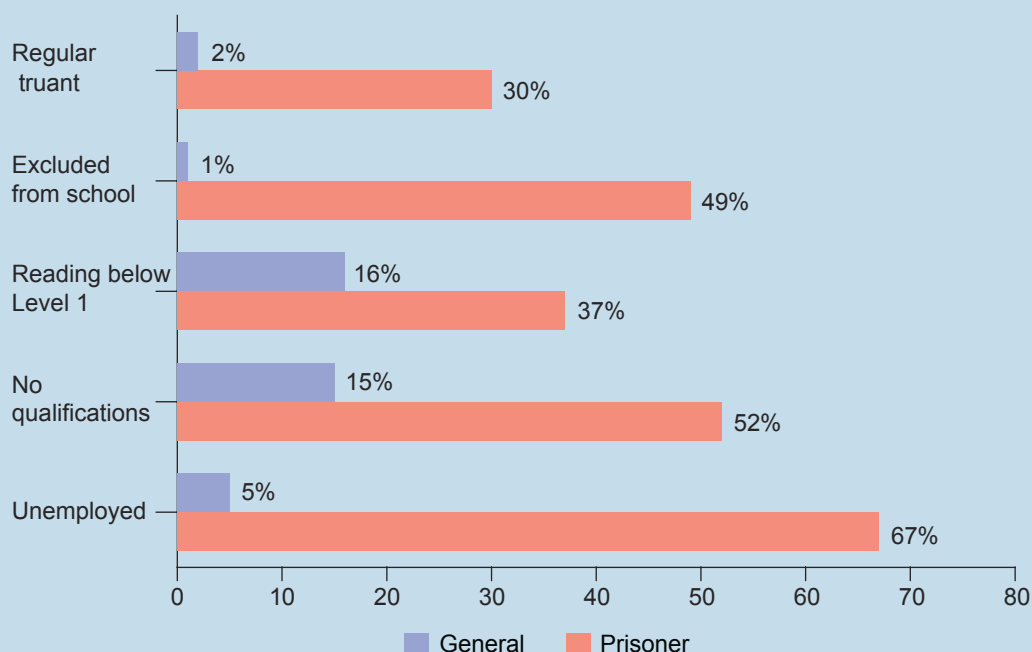
193. Since April 2004, Jobcentre Plus has been operating a new system whereby all Jobseekers Allowance claimants are screened at or before the six-month Restart interview, or on entering the New Deal programme, to establish whether they have any language, literacy or numeracy skills gaps. Jobcentre Plus clients on inactive benefits are being screened at work-focused interviews.

194. Where the screening process identifies that people have a potential basic skills need, they are referred for independent initial assessment. A financial incentive of £10 a week on top of any training allowance will be paid to customers taking up all Jobcentre Plus basic skills provision in England. This will be paid for as long as the customer is on a Jobcentre Plus course which is addressing their basic skills need. Those who achieve specified qualifications recognised as meeting the Skills for Life standards receive a bonus of £100.

195. By these means, we are seeking to provide support and incentives for people to gain the basic skills needed for employability. But the principle of rights and responsibilities must apply here as well. So from April 2004, Jobcentre Plus has been testing the effectiveness of applying sanctions in those cases where jobseekers have been identified with a basic skills need but have proved unwilling to take up and complete training to tackle that need. The impact of this approach will be measured against the voluntary approach being used elsewhere in England. The pilot is currently running in 12 locations to March 2005.

196. As a result of these actions, progress is being made. Jobcentre Plus screened some 860,000 clients for basic skills needs between April and October 2004, with over 72% of those screened with a potential need going on to attend independent assessment. We do not want to undermine the principle that people on benefits should go straight into jobs as soon as an appropriate opportunity arises, because the evidence shows that getting a job is the most effective way of helping them. So training must not become an excuse for delaying a move into suitable employment. Nonetheless, as argued in the NEP report, there are large numbers of people whose prospects of being able to keep a job are undermined by lack of basic skills, with a risk that they rapidly revert to unemployment.

197. So we will set a new ambition to raise the proportion of welfare claimants identified as having basic skills needs who successfully complete basic skills training. We expect 50% of all participants who start Short Intensive Basic Skills training to achieve a qualification that meets the Skills for Life Standard. We will also develop proposals to set a new quantified shared objective for basic skills outcomes for all provision which involves a basic skills element. This will be achieved through better alignment of Jobcentre Plus and LSC purchasing practice, where we will benefit from the independent advice of the NEP. It will be a priority for local joint working between LSC and Jobcentre Plus to ensure that people can successfully complete their training programme, even if they take up a job before the end of the course, by working with the employer so that they can combine employment with training through to the end of the programme.

Chart 5: Comparison of Offender Backgrounds with General Population²³

Supporting Offenders' Access to Learning and Skills

198. Improving offenders' skills and helping them get sustainable jobs on release from custody is crucial for them and for society. There is a high correlation between offending, basic skills needs, and low achievement and truancy while at school (see Chart 5). Many offenders have experienced long-term unemployment. It is in society's interest, as well as their interest, that we put more effort into tackling their skills needs, because if they can secure stable jobs on release, they are less likely to re-offend.

199. We have made good progress in pursuing the commitment given in 2001 to improve the quality and quantity of learning and skills in prisons. Prisons are exceeding their Skills for Life targets. In 2003/04, 46,517 literacy, language and numeracy qualifications were achieved by prisoners. Big improvements are also being made in delivering basic skills training for offenders in the community.

200. But there is still a lot to do. Three out of five released prisoners are reconvicted within two years. In some parts of the country, the education and training service we currently offer for offenders is good. But in too many areas, it is too narrow in its focus and patchy in quality. It does not sufficiently improve skills and employment chances, and is disjointed in the way offenders move around the system, without continuity of planning or learning. Overall, it is not giving offenders the best chance of developing the skills they need to get decent employment and rebuild their lives on release. ALI reports show that there is a lot to do to raise the quality of the training provided.

²³ *National Prison Survey*, ONS, 1991; *Evaluation of Excellence in Cities*, National Foundation for Educational Research, 2002; *Permanent Exclusions from Maintained Schools in England 2002/03*, DfES, 2004; *Psychiatric Morbidity Among Prisoners in England and Wales*, Singleton et al, 1998; *Skills for Life Survey*, DfES, 2003; *Prison Statistics England and Wales 2002*, Home Office, 2003; *Regional Trends*, ONS, 2003; *Through the Prison Gate: Joint Thematic Review, HMI Prisons and Probation*, Home Office, 2001; *Labour Market Statistics*, ONS, December 2004; *Resettlement Survey*, Home Office, 2001.

201. To address this, we are putting in place an ambitious agenda of change. The development of the National Offender Management Service (NOMS) will provide a new integrated approach to the management of offenders, whether they are in custody or in the community. One of the gains will be an integrated approach to learning and skills for offenders. That is being pursued through close partnership with the LSC, whereby the LSC is taking responsibility for securing effective delivery of training for offenders on behalf of NOMS and the DfES.

202. Functional literacy, language and numeracy skills will remain a top priority for offender learning. We also intend to widen the range of training available, so that low-skilled offenders will be supported to achieve full Level 2 vocational qualifications wherever possible. There will also be progression opportunities on to higher level qualifications. Improvement in the quality of training, and the success rate of offenders in gaining skills and qualifications, is dependent on ensuring that, as offenders move around between prisons, they can take with them a record of their training undertaken and skills gained, so that they do not have to start again in each location. So we must tackle the management and transfer of information, drawing on the Skills Passport model described in paragraph 187.

203. We want to make a stronger connection with Jobcentre Plus in establishing for offenders the same linkage between training and jobs as in the wider New Deal for Skills. The DfES, the Home Office and the DWP will publish proposals later in the year setting out a joint reform programme to build a service that is more effective in improving skills and qualifications and in getting more offenders into sustainable employment.

Support for Older Learners

204. In terms of both economic inactivity and low skills, older people fare worse than the population at large. Those aged over 50 tend to be less well qualified than those under 50. Nearly a quarter of over 50s have no qualifications, compared to 10% of under 50s. Older people with low skills are more likely to be claiming incapacity benefits²⁴.

205. Those disparities represent a waste of the potential of older people to contribute in the workforce and their communities. Given changing demographic patterns, and the need to extend the average working life, we cannot afford to perpetuate that. The disparities are also a primary cause of disadvantage and low living standards for many older people.

206. The main vehicle we are creating for supporting training in the workplace – the National Employer Training Programme – will cater for the needs of diverse employees, including older people. In the ETPs, older people have benefited significantly. Those aged 56 or over are 21% more likely to complete their training and achieve the target qualification than those in younger age groups. We will build on this in the national programme, ensuring that the needs of older people are given proper attention in the workplace.

207. As noted in Chapter 2, we are remitting all the SSCs to look at future skills supply, including making more use of older people in the light of demographic trends. Some SSCs are involved in work which helps to recruit and retain older workers. For example, Skillsmart, the SSC for the retail sector, is working with B&Q, Tesco, Asda and Sainsbury's, who are all targeting older workers to meet their staffing requirements.

²⁴ In August 2004, 3.8m people were on inactive benefits; 37% of them (1.4m people) were aged 50+. As a share of the population, less than 1% of 16-49 year-olds are in receipt of inactive benefits, compared to 16% of those aged 50-59/64 (GB, 2004).

208. The DTI is leading work across Government to tackle age discrimination. Removing mandatory requirements on the age of retirement is central to that. We announced in December 2004 that, when the age discrimination regulations come into force in 2006, there will be a default retirement age on or after which employers will be able compulsorily to retire employees. It will be accompanied by a right of employees to ask to continue working beyond retirement age. It will be reviewed five years after implementation, to see whether the default age remains justified.

209. Older people with low skills are more likely to be out of work. The New Deal for Skills will take into account the needs of older people wishing to re-enter the labour market after a period of inactivity. A common barrier to re-entry is outdated skills or qualifications. Skills Coaching, Skills Passports, the Learning Option, and the reform of incapacity benefits will all help to address these problems for older people.

210. There is good evidence that older people can benefit substantially from continuing to learn and gain new skills, as part of a fulfilling and active retirement. For example, 80% of learners aged 50 – 71 reported a positive impact from learning in areas such as their enjoyment of life, self-confidence, and ability to cope with events such as divorce or bereavement, while 28% reported an increased involvement in social, community and voluntary activities²⁵. For many, involvement in learning represents an important form of social activity. Older people who are more highly educated experience benefits to mental and physical health²⁶.

211. In recent years, participation in learning and training by older people has risen. The National Adult Learning Survey 2002 showed that 51% of those aged 60–69 were learners, compared with 47% in 1997. In 2003/04 there were over 600,000 learners aged 60 and over on LSC- funded learning.

212. As noted in paragraph 232, we have given a commitment to safeguard the continuing availability of a wide range of learning for leisure, personal interest, and community development purposes. We expect older people to be significant beneficiaries of this safeguard.

Promoting Equality of Opportunity in Skills and Training

213. The groups of learners discussed above – those on welfare benefits, prisoners and other offenders, older people – are more likely than the rest of the population to have low skills and few qualifications. Many left school with little confidence in their own ability to learn, and little belief in the power of skills and training to help them achieve a better life. As a result, they are more likely to face exclusion and disadvantage. But there are other groups as well who face disadvantage and discrimination in gaining fair access to good training and good jobs. We want the Skills Strategy to be for everyone. But to make that a reality, we have to put more effort into removing the obstacles still faced by many people.

214. The actions set out in this White Paper focus on the support provided to adults to improve their skills regardless of their background. We must also tackle the barriers that currently prevent some young people from gaining access to the necessary training and employment, in order to ensure that all can embark on adult life with a firm foundation of skills. There remain too many young people aged 16-18 who are not engaged in education, employment and training. As set out in the Budget 2005, to underpin the reforms in the 14-19 White Paper, we will provide further support to encourage 16 and 17 year olds not in learning to get the skills and qualifications they need. First, we will allocate £80 million over two years to pilot a negotiated Learning Agreement

²⁵ Source: *Learning in Later Life: Motivation and Impact*, Research Report 138, DfEE, 2000

²⁶ Source: *Modelling and Measuring the Wider Benefits of Learning: Wider Benefits of Learning Paper No 1*, Schuller et al, Institute of Education, 2001

for 16 and 17 year olds in work with no training in eight areas of the country from April 2006. The pilots will test the effectiveness of a range of financial incentives in encouraging employers and employees to take up this offer and in supporting Apprenticeships as a key route for 16-17 year olds in the labour market. Second, we will introduce a £60 million pilot scheme over the same period offering 16 and 17 year olds who are not in education, training or employment financial support in return for a commitment to progress towards formal learning. These pilots will be supported by a further investment of £20 million over two years in pilot areas to boost employer and work based learning pre-16. This will offer an extra 20,000 opportunities across the pilot areas for 14-16 year olds to benefit from better vocational learning either in colleges or with employers.

Cross-Cutting Mechanisms for Promoting Equality of Opportunity

215. There are six cross-cutting ways in which we can promote greater equality of opportunity for those groups of adults who currently face disadvantage. These are not focused on any one group in particular, but are designed to promote fair access for all.

216. First, we are putting in place a strong legislative framework to promote equality and safeguard the interests of individuals who might otherwise face disadvantage or discrimination, including in the workplace. Recent legislation covering religion or belief and sexual orientation has been added to safeguards against discrimination on the grounds of sex, race and disability. Further changes are proposed in the Disability Discrimination Bill, currently before Parliament. Our future programme includes changes to the Sex Discrimination Act, the setting up of the Commission for Equality and Human Rights, and work to implement the Age strand of the European Union's Employment Directive.

217. Second, the LSC has a statutory duty to promote equality of opportunity between persons of different racial groups, men and women, and between disabled and non-disabled people. To support that work, the LSC has introduced Equality and Diversity Impact Measures as a planning tool to promote greater equality of opportunity in both fair access to and outcomes from publicly-funded training. Many colleges and other training providers do outstanding work in reaching out to disadvantaged groups and communities. There is a wide array of good practice to build on. The LSC has established an Equality and Diversity Committee, including representation from the Equalities Commissions, to oversee the Council's Equality and Diversity Strategy, showing how equality and diversity can be built into the development and delivery of its programmes.

218. Third, Union Learning Representatives are playing a powerful role in reaching out to the groups who would otherwise face exclusion, giving them the support and confidence they need. Union Learning Representatives have been successful in engaging non-traditional learners including older workers, people from ethnic minorities, shift workers and those with low levels of literacy, language and numeracy. An estimated 80% of Union Learning Fund learners have qualifications below NVQ Level 2 or equivalent.

219. Fourth, we noted in Chapter 1 the encouraging patterns of participation in the Employer Training Pilots. They have proved successful in offering training to older workers, women and ethnic minorities. We will build on that through the National Employer Training Programme, to promote access to training for all employees who need it. The extension of the Level 2 entitlement, the strengthening of information and guidance services, and the implementation of the welfare to work reforms will all support greater equality of opportunity in training and work for the low skilled.

220. The fifth lever is through getting employers to appreciate the recruitment and productivity gains that result from providing more equal opportunities in training and work. The UK faces significant skills shortages, particularly in some sectors, if it only relies on traditional flows of young people coming into the labour market. We must make better use of the talent already there. That is why the remit we have given to the SSCs to draw up strategies for the future skills supply for their sectors is so important. It is also why all SSAs will include an assessment of equality and diversity in their sector. We will reinforce that through better careers guidance for young people and adults, so that they are not steered into, or away from, particular careers by traditional stereotypes. That will take into account the emerging recommendations from the Equal Opportunities Commission's investigation into the segregation of men and women in training and work.

221. Sixth, Investors in People UK is working with the Equalities Commissions on a research programme which will provide the basis for reviewing the positioning of equality of opportunity within the core Investors in People Standard at its next review in 2007. This builds on existing Investors in People Standard Indicators which seek evidence on how employers promote equality of opportunity in the development of the organisation's people.

Actions to Support Particular Groups

222. In addition to these generic levers for promoting equality of opportunity for all groups, we will take targeted action to meet the needs of particular groups to overcome the barriers they face.

223. We must ensure the reforms set out in this White Paper support the needs of **women**. Despite the growth in the percentage of women in employment (up from 56% in 1971 to 70% in 2003), the majority of women are in lower-paid, female-dominated occupations. The challenge of balancing home and work commitments means that many women are taking up occupations that do not use their skills and experience to the full. The Women and Work Commission is reviewing how women can get a fairer deal in the workplace, so that we can draw on the skills and talents of all. They will present their report to the Prime Minister in the Autumn.

224. The reform of information and guidance services set out above will be significant in helping parents who want to return to the labour market after a period of caring for children or dependents, perhaps with a change of career. For parents who have been out of the labour market for a period of years, it can be difficult to know what career options are available, what skills and qualifications they would require, what training would best develop those skills, and what financial and other support would be available. That is the role we want the new personal guidance service to provide. The London Development Agency is running a regional pilot to reduce the barriers faced by mothers wishing to return to work, ensuring they can obtain work and rewards commensurate with their skills.

225. The implementation of our childcare strategy is fundamental to enabling women to return to work. We published our 10-Year Childcare Strategy in December 2004. Key actions by 2010 include:

- a. All 3 and 4 year olds will be able to access 15 hours a week of free childcare for 38 weeks of the year, with a longer term goal of extending that to 20 hours a week.
- b. All 3 to 14 year olds will be able to access out of school childcare places between 8 am and 6 pm.

- c. The childcare element of the Working Tax Credit will rise to £300 a week (£175 for one child) from April 2005, with an increase from 70% to 80% of the maximum proportion of costs that can be claimed for childcare by April 2006.

226. The Chancellor of the Exchequer invited the National Employment Panel to review the barriers faced by **ethnic minority groups** in gaining fair access to employment and business growth. A summary of the Panel's report was published with the Budget on 16 March²⁷. There are wide variations between ethnic groups in their access to training and employment. But the report's major findings are:

- a. On average, the employment rate for ethnic minority groups is 16% lower than for Whites. The unemployment rate for men of Bangladeshi and Pakistani origin is three times higher than for Whites. Pakistani and Bangladeshi women are much less likely to be economically active, with only 28% and 16% respectively being in employment.
- b. Discrimination by employers is one significant reason for these inequalities in employment.
- c. There are big variations between ethnic minority groups in terms of participation and achievement in education and training. Those of Indian and Chinese origin achieve higher qualifications on average than Whites in school and post-16 education. Black and Asian groups are more likely to stay on in full time education than Whites. By contrast, those of Pakistani and Bangladeshi origin are least likely to have qualifications and 74% of Bangladeshi women over 25 are not fluent in English.
- d. 74% of ethnic minorities live in five areas of England, half of them in London.

227. The DfES and the DWP will work with the NEP to act on its findings. In particular:

- a. Given the demographic trends, raising participation in training and employment by ethnic minority groups will be a major element of the reviews of skills supply which we are commissioning from the Sector Skills Councils (see paragraph 75).
- b. In implementing the National Employer Training Programme, we will build on the positive experience of the Pilots in supporting access to training for ethnic minority groups and employers.
- c. Particularly in the five areas of England with highest ethnic minority populations, the joint local delivery plans of the LSC and DWP (see paragraph 181) will include a focus on helping ethnic minority groups into sustainable employment.
- d. We will pilot two Centres of Vocational Excellence for Entrepreneurship focused on providing support and training for black and ethnic minority entrepreneurs.
- e. Through the Skills for Life programme we will improve the range and quality of ESOL training including encouraging all providers to use the new Skills for Life ESOL qualifications. Jobcentre Plus and the LSC will work together in joint procurement of basic skills and ESOL training designed to help people gain the functional competence for employment.

²⁷ See http://www.hm-treasury.gov.uk/budget/budget_05/other_documents/bud_bud05_otherindex.cfm

- f. The NEP's report suggests that many Asian women would like to work, if the right support was available. So we will aim to develop childcare and children's support services in a way that provides better support for mothers to develop their own skills, particularly in functional literacy and language, as a way into appropriate jobs.
- g. We will undertake a race impact assessment of the Apprenticeships programme, as a basis for ensuring equal access and support for achievement across the full range of sectors.

228. The learning and skills sector must reflect the diversity of the communities it serves. Many colleges and other training providers have an outstanding record in providing 'second chance' opportunities for ethnic minority groups in their local communities. The Centre for Excellence in Leadership (CEL) has a target of at least 20% of participants on its programmes from under-represented groups. It is working with partner organisations (for example, the Network for Black Managers) to develop a diversity strategy. CEL is piloting a development course for new black and minority ethnic leaders in the further education sector, and is building on the work of the Black Leadership Initiative in providing secondment, work-shadowing and mentoring. The LSC and some colleges are piloting the new Race Equality in Employment Standard, which provides a toolkit to help providers meet legal obligations and to embed good practice.

229. People with disabilities also face a range of barriers to involvement in training and jobs. We will safeguard the continuing availability of opportunities for those with learning difficulties, who are unlikely to achieve Level 2 qualifications but for whom smaller steps in learning represent an enormous personal achievement and a route to greater independence. The LSC has increased its spending on provision for students with learning difficulties and disabilities, and will spend around £119 million on these in 2004-05. The Council is reviewing the planning and funding of provision for learners with learning difficulties to improve their quality, availability and cost-effectiveness. It is providing capital funding to support colleges and training providers in making the necessary changes to their accommodation, in order to improve access for disabled learners, as required under the Disability Discrimination Act.

230. So long as it is properly designed, ICT-enabled learning and assessment can be a valuable support for those with disabilities. That is one strand of our e-strategy for children and learners²⁸. It includes the development of a new, simpler search and web interface (MyGuide) to help people with disabilities and those who lack the necessary ICT skills to use the internet.

Learning for Leisure and Personal Development

231. There are millions of people in this country who pursue training and skills not for any job-related purpose but for personal development, civic and social engagement, pleasure and interest. That includes millions of people who have retired and others sustaining the fabric of family and community life. While the economic and vocational purposes of skills are vital, they are in no sense the whole story. A cultured and civilised society must also sustain a wide range of opportunities to gain skills and acquire knowledge for their own intrinsic value. Investment in personal and community learning secures health and citizenship benefits for individuals and communities.

232. That is why we gave a commitment in the original Skills Strategy to safeguard the availability of a wide range of learning for personal and community development. The DfES and the LSC will agree each year an overall indicative budget for the funds that should be used to support education and training programmes which do not lead to qualifications. Nationally, this will be based on the broad proportion of LSC funds currently spent on this type of learning. But within

²⁸ *Harnessing Technology: Transforming Learning and Children's Services*, DfES, March 2005 www.dfes.gov.uk

it, the range of provision needs to keep evolving so that it best meets changing learner and community needs. And we must address the current disparities in the level of funding and the range of opportunities available in different parts of the country.

233. In September 2004, the LSC published a consultation paper setting out its proposals for reform of the funding and planning of first steps programmes and personal and community development learning for adults. The key elements were:

- a. To fund all first steps programmes, which are designed to help people back into learning, through the mainstream funding approach for colleges, regardless of the type of training provider (college, community or voluntary organisation). That will apply even where previously they have been funded through other routes, such as for local authorities.
- b. To identify the range of programmes that should be within the scope of the Skills Strategy budget safeguard for learning for personal and community development.
- c. To reform the funding of that learning so that the national budget is distributed more equitably across the country. It would be for the LSC, training providers, voluntary and community groups, local authorities and other partners in each local area to determine their own priorities for using that funding.

234. The LSC received around 300 responses to the consultation. Overall, there was broad support for the proposals. The LSC will set out the final approach later this year.

Skills for Communities and Families

235. Skills play an important role in helping communities and families as well as individuals. Across the country, there are communities with high concentrations of poor school achievement, low skills, worklessness and poverty, creating cycles of deprivation and low aspiration which perpetuate themselves through generations. Many voluntary and community sector organisations play a vital role in helping to raise demand for learning, widening participation and acquiring skills in such communities. No single intervention, taken in isolation, can tackle such clusters. But improving skills is one contribution.

236. That is why we introduced Testbed Learning Communities in April 2004, to demonstrate ways of supporting skills on a community basis. There are now 28 Testbed Learning Community projects. There is no single model of what a learning community should be. But common elements are putting individuals and their needs more at the centre of local planning processes; linking communities with employers to address their skills needs; joining up the providers of local learning services; and linking together the array of services and funding streams supporting family and community learning. Local authorities are in the lead in almost one-third of the projects.

237. Testbed Learning Communities will continue until March 2006. We are learning lessons as projects progress. But we have recognised from the outset that a trial programme of this type can only indicate promising ways forward, not bring about lasting structural change. That can only be achieved by transferring what we learn from the Testbeds and other similar community learning initiatives, so as to shape the continuing delivery of the mainstream neighbourhood renewal and regeneration programmes. The DfES and the Office of the Deputy Prime Minister will pursue that by finding ways in which skills, regeneration programmes and targets can be more closely aligned to achieve a greater impact.

238. Through learning community approaches we can support family learning, recognising that the skills that adults gain through training will also benefit their children and grandchildren. Our national childcare strategy is itself an important way of supporting skills and training, both by helping parents gain the skills that will best support their children's development and learning, and by enabling parents to gain access to training and jobs. For example, a parent who goes to a children's centre to help their children, can stay on to help organise, get interested in learning, receive help with basic skills, get information and guidance, and be motivated to take the next step to enrol on a vocational course.

239. Currently, the provision of such family and community learning takes place through a number of different funding streams and policy areas, including colleges, local education authorities, adult education in voluntary and community organisations, extended schools, Sure Start and Children's Centres as well as through funding secured from a range of Government Departments. Building on the collective experience of these initiatives and the Testbed Learning Communities, our aim will be to develop a more coherent approach, with less fragmentation of funding streams and common local strategies to address the needs of the whole community.

Chapter 5

Reforming the Supply of Training and Skills

The reforms set out in previous chapters require major change in the infrastructure for delivering training and skills. In this chapter we set out:

- Progress in raising the quality of further education and training, and the next steps in the Success for All Strategy.
- How we will work with colleges and training providers to build capacity to deliver the Skills Strategy successfully.
- Next steps in reforming the planning and funding of training.

Raising Quality and Success in Training Supply

240. The Success for All Strategy is the Government's long-term programme to develop a high-quality, demand-led learning and skills sector. In the original Skills Strategy we set a goal for colleges and other providers to become more responsive to employer and individual needs, and they have responded positively.

241. We are starting to see real impact. Overall, learners are achieving more and 90% are satisfied with their experience. Over 80% of employers who use colleges are satisfied with the training they receive. College success rates are up from 65% in 2001/02 to 68% in 2002/03. Work-based learning success rates are rising and poor provision is being closed. Adult Learning Inspectorate (ALI) inspection evidence shows that 70% of provision in work-based learning providers was satisfactory or better in 2003-04, up from 54% in 2001-02²⁹. In 2003-04 90% of lessons observed were judged to be good or better.

242. We must continue to work with colleges and other training providers to raise quality and standards. In 2004, the Office for Standards in Education (Ofsted)³⁰ published two parallel reports, 'Why Colleges Succeed' and 'Why Colleges Fail', which drew on evidence from the inspections of around 350 colleges between 2001 and 2004. Ofsted identified a group of the most successful colleges and a second group of colleges they judged to provide an inadequate experience of education and training for their learners. Drawing on that evidence, the Department for Education and Skills (DfES) working with the Learning and Skills Council (LSC) and the Quality Improvement Agency for Lifelong Learning will develop the Success for All Strategy to give stronger support to the reforms set out in the 14-19 and Skills White Papers.

²⁹ Data compiled from individual institution inspections carried out the Adult Learning Inspectorate in 2001-02 and 2003-04.

³⁰ *Why Colleges Succeed and Why Colleges Fail*, Ofsted, November 2004, www.ofsted.gov.uk

Meeting Needs and Improving Choice

243. Throughout 2004, Strategic Area Reviews, led by the LSC, have examined post-16 education and training in every part of England. Stronger colleges are resulting from mergers. New partnerships between schools, colleges and work-based learning providers are creating a wider range of learning opportunities. Each provider has set out in its development plan, agreed with the LSC, actions to improve the way in which it works with employers.

Putting Teaching, Training and Learning at the Heart of What We Do

244. Success for All is raising the quality and effectiveness of teaching, training and learning, focused in 12 curriculum areas. The first four teaching and learning frameworks were launched in Autumn 2004. They cover construction, Entry to Employment, business, and science. At least 1,500 staff will be trained as subject learning coaches. Under the Skills for Life Programme, the DfES has developed a range of learning materials to integrate literacy, language and numeracy skills into the frameworks.

245. By Autumn 2005 four more frameworks and support programmes will be launched, in land-based subjects, health and social care, information and communication technology, and mathematics. In Autumn 2006, a further four will cover learning for personal and community development, engineering, subject specific aspects of initial teacher training, and modern foreign languages.

Developing the Leaders, Teachers, Trainers and Support Staff of the Future

246. There are many outstanding professionals working in the sector, as demonstrated by the annual STAR Awards set up by the DfES in 2004 to celebrate the achievements of the 600,000 people working in the learning and skills sector. To attract, motivate, develop and retain the best staff at all levels, we set the aim of a fully qualified workforce by 2010. In 2001 about half the teachers in colleges were qualified. We are making good progress. By July 2003, 79% of full-time and 54% of part-time staff were qualified or enrolled on appropriate courses³¹.

247. Initial teacher training is the foundation of good teaching. In November 2004, the DfES published a programme of reforms to enhance achievement and lifelong professional development by September 2007. The programme includes the new award of 'Qualified Teacher Learning and Skills' and the development of new Centres of Excellence in Teacher Training (CETTs) built around existing providers and their partners. A national network of these Centres will be set up by 2007, with at least one in each English region.

248. The sector needs to attract and nurture inspirational and dynamic leaders and managers. The Centre for Excellence in Leadership (CEL), established in October 2003, is helping leaders deliver this agenda through offering a career planning service and other support programmes. CEL has reached over 1,300 managers so far.

Developing a Framework for Quality and Success

249. Success for All aims to raise performance and quality through a new framework for planning, funding and accountability for the sector, based on partnership and trust. The development planning arrangements, introduced in 2003, build on the outcomes of Strategic Area Reviews. The LSC is currently agreeing new three-year development plans with all providers other than

³¹ Staff Individualised Records, LSC, 2003

school sixth forms. Their focus will be on the actions which providers need to take over the three-year period to improve quality and learner success, and to match provision to the needs of employers and the local economy.

250. We must underpin this reform within inspection frameworks that look not only at whether we are meeting the needs of individuals, but also at whether we are meeting the needs of employers. We need better ways of identifying and recognising good performance in meeting employers' needs and helping learners gain the skills for employability. We have asked the Inspectorates to develop their evaluation criteria, so that the new inspection arrangements from 2005 have a clear focus on the skills agenda. We will ensure that the changes to the inspection bodies announced in the Budget 2005 take account of these proposals in this White Paper. New success measures to help make better judgements about performance, including responsiveness to employers and learners, will be launched in Autumn 2005, prior to full implementation from Autumn 2006.

Building Capacity to Deliver the Skills Strategy

251. Colleges have a long and impressive record of responding rapidly and flexibly to changing needs. We warmly welcome the constructive approach taken by colleges in the Level 2 entitlement trial regions, which has been in the best traditions of the FE sector. We are confident that, across the country, colleges will show commitment and creativity in playing their full part in implementing the Skills Strategy reforms. But they have a right to expect help and support in doing so.

252. We recognise the concern that, in a situation where public funds are constrained, enhancing provision in some areas risks undermining other programmes. Overall, there has been a general consensus that the skills priorities identified in the Skills Strategy are right in principle, and that we should over time steer the pattern of provision so that it better reflects those priorities. But there is concern that, if that direction of travel is applied too simplistically or too fast, it will trigger perverse behaviours and unintended effects. In particular, there is a risk that shorter, lower level programmes may be removed to the point where the stepping stones that are essential to help many adult learners progress to a full Level 2 and beyond are no longer available.

253. We agree with that concern. We must ensure that a wide range of first step and return to learn opportunities remains available. It is part of the LSC's planning function to gauge these balances, moving at a realistic pace in reshaping provision to meet Skills Strategy priorities, while ensuring that a balanced range of other training opportunities remains available.

Preparing for the National Employer Training Programme

254. As set out in Chapter 1, we will introduce a National Employer Training Programme. We are developing a programme to work with colleges and training providers across the country to ensure they are ready to operate successfully in that programme from 2006-07. That will help colleges and other training providers re-engineer their training programmes, change delivery models, review the role and capacity of existing business development units, re-skill the tutor workforce, create additional assessor capacity, develop new training resources, and improve quality. It will also develop the national network of brokers linked to business support. We have set aside an initial £15 million for 2005-06, and will provide additional resources for 2006-07 and 2007-08 to support an increased level of activity.

255. We will work with the ALL and others to learn from the pilots in order to ensure consistent high quality within the National Employer Training Programme. The key elements are:

- a. Ensuring training providers can successfully integrate basic skills in the delivery of wider training programmes.
- b. Improving the quality of the initial assessment of learners' needs, and delivering the 'assess-train-assess' approach successfully in the workplace. That will ensure that learners get recognition for the skills they already have, and can effectively build their learning from there, rather than having to go back to square one and re-train for what they already know.
- c. Ensuring that learners are receiving genuinely developmental training rather than simply badging skills they already have; and that off-site training in underpinning knowledge and theory is well delivered.
- d. Providing information and guidance services at an early stage to influence the choice of programme and the opportunities for progression at the end of the programme.

Quality Improvement

256. The second major strand in building capacity is to establish the Quality Improvement Agency for Lifelong Learning, as set out in the 14-19 White Paper. This Agency will secure better outcomes for learners, employers, communities and the economy by providing a national focus on quality improvement in the sector. Working with partners, it will be invited to propose a quality improvement strategy to address key Government priorities and enable colleges and training providers to improve and respond to change. Continuing to improve quality of teaching and learning will be a priority.

257. The Agency will be fully operational by April 2006. It will provide support and advice on improving quality and responsiveness to meet local and regional skills needs, and for capacity building and quality assurance. This may include commissioning work from Skills Academies, Centres of Vocational Excellence, colleges and other sector networks to support improvement in particular geographical areas, in institutions and in particular curriculum areas.

258. The LSC National Employer Skills Survey, the National Learner Satisfaction Survey, inspection evidence, feedback from the NETP and other performance data will provide the Agency with broad trend indicators on whether the sector is responding to employer needs. It will analyse these data to propose a quality improvement strategy for the sector, commission research, pilot and test employer engagement techniques, commission resources and materials, and disseminate good practice. The Agency will take responsibility for programmes such as the Skills for Life Quality Initiative and the Key Skills Support Programme.

259. Colleges and other training providers will remain fully responsible for their own improvement. There is a project underway to develop tools and build capacity for self-improvement. This will ultimately be the responsibility of the Quality Improvement Agency for Lifelong Learning. It will review the tools currently available and develop more if needed. The Agency will help providers diagnose their improvement needs, whether identified by inspection, LSC review or by providers themselves, and put in place programmes to tackle them.

Workforce Development in Further Education

260. The third element of the capacity building programme is the Workforce Development Strategy for the learning and skills sector. This brings together measures to build a reliable and up-to-date picture of the workforce, to recruit and retain the best people, and to offer them relevant, timely and sustained training and development. We shall publish a summary of the strategy later this year.

261. Lifelong Learning UK (LLUK) was licensed in January 2005 as the Sector Skills Council (SSC) for the lifelong learning sector. It will have a key role to play in planning and organising its workforce supply. LLUK will work within the Skills for Business Network to help other SSCs to define their skill needs for the trainers who provide training for their sector, and then work within the learning and skills sector to meet that demand. It will work with CEL, the Teacher Training Agency and the National College of School Leadership to oversee professional development of those in the sector.

262. By 2007 we want all newly appointed college principals to be appropriately qualified. We will consult the sector about such qualifications during Autumn 2005. CEL's programmes should support the Skills Strategy and 14-19 reforms. We welcome developments such as the work-shadowing programme developed with business and community leaders by CEL and the Association of Colleges.

263. As the number of qualified teachers in colleges grows, we plan to consult on how we can increase qualification levels within other parts of the learning and skills sector, such as work-based learning, and for staff other than teachers. But qualifications are not the whole picture. We want staff to have up-to-date vocational knowledge and experience. We will promote two-way secondments, mentoring, shadowing and similar arrangements. For example, we will work with the Skills for Business Network to develop a national scheme, drawing on Northern Ireland's Lecturers into Industry programme and the work by SEMTA (the SSC for science, engineering and manufacturing technologies) on placements for teachers within its sector. The DTI and the Engineering and Technology Board will run a pilot scheme to support lecturers, managers and technicians to update their skills by providing work placements in relevant industries.

Fees And Funding Reform In Further Education

264. The fourth element of the capacity building programme is to rebalance the pattern of contributions between the state, employers and individuals in meeting the costs of training. As a first step, the LSC has announced that the national fee assumption built into the LSC funding calculations for 2005-06 will rise by 2.5 percentage points to 27.5%, with public funds continuing to meet 72.5% of costs. Learners in priority groups, including all 16-19 year olds, all those on income-related benefits, and all those studying basic skills and first full Level 2 programmes will continue to be exempt from tuition fees and will therefore receive their tuition for free. Where fees are payable, they may be paid by the individual or, for those in work, by their employer. Income targets for colleges will be agreed through the LSC's annual planning round and will reflect individual college circumstances. Through the National Employer Training Programme (see Chapter 1), we will be aiming to secure a higher level of investment by employers in return for shaping the design and delivery of training to meet their needs.

265. These are not just technical funding changes. They are the first step in a necessary change of culture and expectations, whereby the value of training and the benefits it brings to learners and employers is properly recognised as a worthwhile investment. But changing that culture is a major challenge. To support these changes, guidance is being developed which identifies good

practice in setting and managing fee policies and provides help to college management and governors to implement the new arrangements.

Planning, Funding and the Role of Colleges

LSC Statement Of Priorities

266. The LSC launched in December 2004 England's first annual statement of skills priorities. This sets out what needs to be done to improve skills and boost productivity. It is the first phase of the annual Business Cycle on which LSC will base all future activity. Working with learning providers, the LSC will focus the investment of public money in delivering the skills needed by employers, adults and young people, reflecting the national priorities set out in the Skills Strategy as updated by this White Paper. Of the LSC's total spending of £8.8 billion in 2004-05, some £2 billion will be spent on education, training and skills for adults.

267. It is essential to provide the right environment and industry-standard facilities for high quality training to support both the 14-19 and skills reforms. Over the next five years, we will invest £1.5 billion to support the long-term transformation of further education colleges and ensure that they have the high quality facilities that employers demand. This will help establish a network of vocational centres for 14-19 delivery, build on Centres of Vocational Excellence and support the creation of Skills Academies in each major sector of the economy.

268. To support this agenda, we must continue to raise local LSC performance. The LSC is introducing robust internal performance management arrangements. The Council will include analysis of local LSC performance in its next Annual Report, illustrating the respective strengths and weaknesses of regional/local LSC performance. This will cover a range of measures to ensure that the relative performance of local LSCs is transparent and that information is available for public comparison. Where it is clear that there are weaknesses, we will expect the LSC to take steps to address them.

Funding and Contestability

269. The LSC's funding will increasingly be used to reshape provision by investing only in education and training of high quality, withdrawing funding from programmes which are not meeting employers' and learners' needs.

270. The LSC will improve choice to ensure individuals and employers have a range of high-quality training provision to meet their needs. The LSC will invest in new and different types of providers to fill gaps which cannot be met from the existing market, or to substitute for existing provision which does not meet what employers and learners want. As noted in Chapter 1, the principle of 'contestability' will be integrated in the design of the National Employer Training Programme, giving employers more choice over time in deciding the training provider and the type of provision they wish to use.

Agenda for Change and Foster Review of Further Education

271. A wide range of work is underway across the learning and skills sector to enable it to deliver our skills goals. Our long-term vision for the sector is ambitious, and for further education colleges in particular it will mean major changes.

272. Over the past year, we have been discussing with many representatives from the further education sector what further support and action colleges need from Government and the LSC to help them make these changes. The discussions included a series of LSC roadshows last Summer. As well as identifying a number of immediate operational issues, it was apparent that colleges felt their role was unclear and their contribution misunderstood.

273. As a result, the LSC has developed an 'Agenda for Change' programme, comprising five strands on Data, Efficiency, Funding, Quality, and Employer Engagement. The employer engagement strand is reviewing current approaches to recognising and accrediting good practice by colleges and other providers in working with employers. Two existing models are the Action for Business Network programme in the South East and the Customer First programme. This strand raises some important issues, which merit wide debate within the sector and beyond.

274. One such issue is whether working intensively with employers should be seen as a distinctive and specialised mission for some colleges, or should apply to all. A second issue is whether a programme of accreditation would be a valuable way of setting common standards of excellence in working with employers and raising college capacity to deliver to those standards, or an unwelcome new layer of bureaucracy. The conclusions of each strand of work, and recommendations on a way forward, are expected in the Summer.

275. To pursue the longer term issues, in November 2004 we appointed Sir Andrew Foster, Deputy Chairman of the Royal Bank of Canada and Chair of the post-16 Bureaucracy Review Group, to head a review of the future role of Further Education colleges. The review is looking at key strategic issues, challenges and opportunities facing the college sector over the next five to ten years. It will do so in the context of the part we want colleges to play in the DfES Five Year Strategy and in particular the Skills, 14-19, and Success for All reforms. From that, it will identify the distinctive role and contribution of further education colleges. The review will report to the Secretary of State for Education and Skills and the Chair of the LSC in the Autumn.

Chapter 6

Partnerships for Delivery

Successful implementation of the Skills Strategy is wholly dependent on the enthusiasm of many partners choosing to work together to deliver this shared agenda. In this chapter we set out the next phase in developing those partnerships. It covers:

- Developing the role of Regional Skills Partnerships, building on the contribution of Regional Development Agencies.
- How the whole planning and supply framework fits together.
- Simplifying the approach to brokerage and business support.
- Celebrating achievement in skills and training delivery.
- Working with partners in the European Union so that our Skills Strategy contributes to the wider European economic reform programme.

Regional Skills Partnerships and Regional Development Agencies

276. In recent years, the regions of England have become increasingly prominent as a driver in understanding and promoting economic development. The Regional Development Agencies (RDAs) are charged with leading Regional Economic Strategies. In recognition of their increasing impact and success, the Government has assigned to RDAs additional funding and powers, including the management of Business Link. The RDAs are also working closely with UK Trade and Investment to support the UK's export industry, to attract inward investors and to gain the skills to do business internationally.

277. From the outset the RDAs identified skills as a major contributor to regional development. Unless gaps in the regional skills base are addressed, other interventions such as physical regeneration, promoting enterprise and innovation, or providing business support for Small and Medium-sized Enterprises (SMEs), are unlikely to achieve full impact. Raising skill levels is a key lever in raising regional economic growth and narrowing the gap between high and low growth regions.

278. So in the original Skills Strategy, we invited the RDAs to lead the establishment of Regional Skills Partnerships (RSPs). These bring together the RDA, the Learning and Skills Council (LSC), Jobcentre Plus, the Small Business Service and the Skills for Business Network, with other regional partners. Their remit is to agree how the delivery of adult skills, workforce development, business support and labour market services can be made mutually reinforcing in providing the best support for Regional Economic Strategies. As such they are central to delivering some key Skills Strategy objectives. They can join up complementary services so that they are delivered to

employers in an integrated way. They can ensure that skills are deployed effectively in support of more ambitious business development strategies. They can position more productive businesses at the heart of regional growth in a way that respects differing regional priorities and traditions.

279. Good progress has been made. In seven regions RSPs are operating, and in London and the East of England they will start from April 2005. The LSC's appointment of a new cadre of Regional Directors in 2004 transformed the Council's ability to play an active part at regional level, particularly in carrying forward the work of RSPs. The Skills for Business Network has nominated the chief executive of one of the Sector Skills Councils (SSCs) to lead for the whole Network in each region. The agreement last June of a joint DfES, DTI, RDA and LSC concordat on regional working set out the principles on which the relationships should be based. Within those principles, we welcome the continuing discussions between the RDAs, the LSC and other partners about the way they want to develop their working arrangements to meet regional needs, including the best way of linking sectoral and regional skills priorities.

280. We want to keep building the RSP role. There are four areas that we invite RSPs to address:

- a. To review the current range of brokerage and business support services in their region, and how they can best operate to provide an integrated, high-quality service for employers. The issues involved are discussed in paragraphs 290-293 below.
- b. Within the national design framework for the National Employer Training Programme, to consider how the programme is best deployed within the region. Some regions have taken the initiative to extend the principles of the Employer Training Pilots more widely. For example, the Northern Way group of regions (North East, North West and Yorkshire and the Humber) have identified it as a priority for their joint action plan. We welcome these commitments. It will enhance the national programme to have each region deciding how best to implement it to meet regional needs, so that the RDAs and other partners can supplement the core elements with their own contributions.
- c. To assess how the regional partners can best support achievement of the reforms set out in the 14-19 White Paper. Those reforms are critically dependent on good employer engagement, to work with schools and learning providers in designing and implementing the new learning lines, and providing work experience for young people. The Northern Way group identified as a priority bringing together the various strands of activity to support enterprise in education. We welcome that, and will work closely with them and other regions to deliver better integrated enterprise programmes.
- d. To review how higher education can best be integrated in the work of RSPs, in the light of the proposals in Chapters 2 and 3. RDAs already play an important role in the programmes that support research and innovation to enable knowledge and technology transfer from HE to business. RSPs need to review how they can best incorporate in their work the supply of HE, as well as FE skills to meet regional needs, and how they can support progression from FE to HE for communities in the region. The RSPs also have an important role in encouraging RDA and business support for postgraduate studies and university research, which benefit the skills agenda and economic development in the region.

281. We invite each RSP to consider these issues, and report by Autumn 2005 how they will take them forward in a way that best meets regional needs and priorities. To inform the Budget 2005, we invited RDAs and RSPs to provide reports on their progress and identify remaining barriers. We will pursue with them how those barriers can be tackled.

Working with Local Authorities

282. Addressing skills needs has an impact on local as well as regional economic regeneration. We need to create a stronger relationship between national and regional programmes on the one hand and strategies at the local level, in villages, towns and cities. At the regional and local level we need greater integration of the skills and exclusion agendas which make the links between economic competitiveness and social exclusion in deprived neighbourhoods, as discussed in previous chapters.

283. Local Authorities have a duty to promote the economic, environmental and social well-being of their area. Adult skills are key to economic regeneration. Skilled workers are needed to deliver regeneration and adults living in deprived communities need skills and qualifications to improve their own and their families' futures. The creation of RSPs provides an opportunity to link the work of local authorities with the regional partners.

284. In some parts of the country links already work well. The Greater Manchester Development Plan recognises skills as essential to improve the competitive advantage of the conurbation. It will work with the RSP in the North West to align budgets and activity. Similarly, Nottingham has set up a Skills Board to co-ordinate funding and activity in tackling skill shortages and addressing worklessness in the city.

285. We wish to see more alignment and co-ordination of funding and strategy between local bodies and the new RSPs. However, each region has different approaches to engaging at sub-regional level on skills and regeneration issues and different local authorities face different challenges.

286. We therefore intend to ask RSPs to:

- a. Integrate their work on skills and business support more closely with work on Neighbourhood Renewal with appropriate links to Local Strategic Partnerships.
- b. Work with local authorities in their region to consider what arrangements would work best to ensure that skills and business support strategies and funding for the region are aligned with these local regeneration activities.
- c. Explore the potential of Local Area Agreements (LAAs) as a means of linking the work of RSPs with local authorities. There are currently 21 pilot LAAs and there will be a further pilot phase of 40 agreements in place by April 2006. Some RSPs, such as London, are already working with local authorities through LAAs.

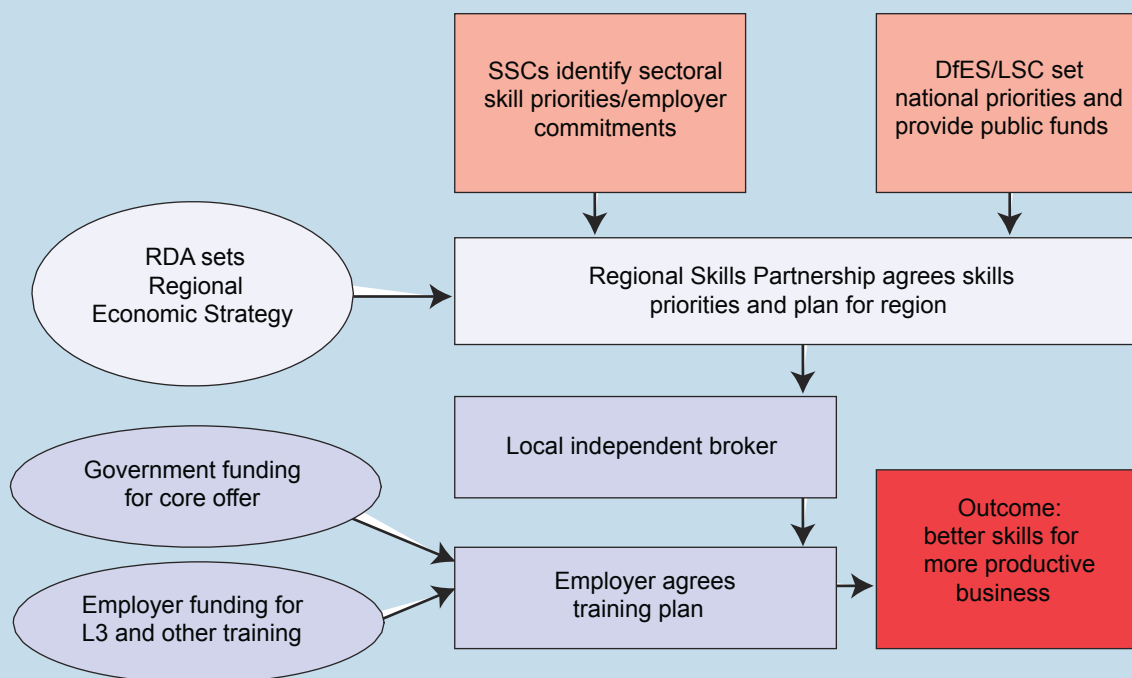
How the Framework Fits Together

287. We recognise that, since the publication of the Skills Strategy in July 2003, there has been concern about the complexity of the organisational landscape. To some extent, that complexity is inevitable in such a vast system. The public sector alone is spending some £5 billion a year to support 3 million learners in 400 colleges and 800 other training providers, reflecting the needs of employers in 25 sectors, 9 regions and 47 local LSC areas.

288. Our objective is that individual employers do not need to get to grips with the organisational detail of the training and business support infrastructure. What they need is to experience a better, simplified front-end service. That principle is at the heart of the reform of Business Link services through RDA management, the formation of RSPs to bring together training and business support activity at regional level, and the design of the National Employer Training Programme as an integrated training supply programme at local level.

289. That said, we recognise it is a major ongoing challenge to Government and the public sector agencies to simplify, integrate, and help customers understand in simple terms what is available and how they get it. Chart 6 sets out the core organisational structure, and how the public funding flows to meet national, sectoral and regional needs.

Chart 6: Linking National, Regional and Sectoral Priorities to Local Delivery

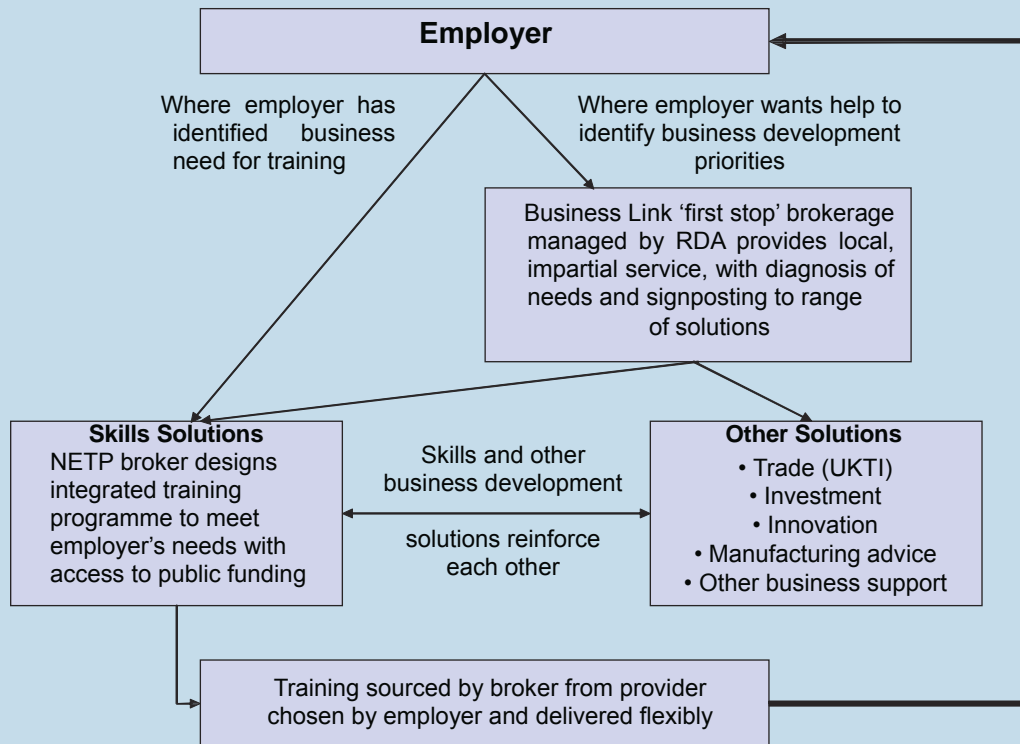


Simplifying the Approach to Brokerage and Business Support

290. We want to ensure that brokerage and business support are developed in a way that achieves simplicity and transparency in delivering services to employers. It is not possible for one organisation to satisfy directly the full range of business development needs to the level of specialism that a business may require. So referral and signposting to the best form of specialist advice or support will continue to be needed. But we do not want to construct another brokerage network for the National Employer Training Programme to operate in isolation, disconnected from what is already there. On the contrary, we should take the opportunity to rationalise existing operations.

291. Wherever employers already know what support service they want, they will still be able to go direct to that service provider. But where they are not sure what support would best help develop their business, including the training that would have most impact in raising productivity, the business support service must be able to help the employer work out the best approach, and signpost the employer quickly and easily to the relevant support.

292. The broker should not act as a barrier between the employer and the training provider where good relationships already exist. But the broker can enhance those relationships by articulating the demand more clearly and negotiating the right package, something busy SME owner/ managers often do not have time to do. Chart 7 shows how we expect the core relationships to work.

Chart 7: Brokerage and Business Support

293. As noted in paragraph 280 above, we have asked RSPs to review the arrangements for brokerage and business support in each region. In broad terms, we envisage that:

- a. The DfES, LSC and national partners will develop a framework of service standards and outcomes, to be delivered consistently across the country. For example, in all cases the brokers would be expected to operate impartially, acting on behalf of the employers, not the training providers. The service standards would include the competency standards for brokers being developed by the SBS, the LSC and other partners in the Skills Alliance (see Chapter 1, paragraph 29). We will assess the approach proposed by each RSP in terms of its fitness for purpose in terms of delivering those standards and outcomes.
- b. The RDA will lead in developing for each region the generic Business Link service so that it is the front-end interface with employers, through which SMEs can get initial access to information about the full range of business support available. That should help in diagnosing business development needs and working out the employer's priorities, with signposting through to specialist support in meeting those needs. This work is already in hand, following the decision to transfer to the RDAs responsibility for the management of Business Link services, in order that RDAs can secure an effective service for their region which is well integrated with the regional economic strategy.

- c. Where skills and training have been identified as one of the employer's priorities, the employer will be able to work direct with the National Employer Training Programme broker. Identifying the preferred approach for each region will be a central part of the review of brokerage and business support which we are remitting the LSC, working with the RDAs, the Skills for Business Network and other RSP partners to undertake. There will be a network of skills brokers to help employers assess the full range of their training needs, sourcing the most appropriate solution through the National Employer Training Programme. As noted in Part 1 (paragraph 33), we will not prescribe who the brokers must be in each region and local area. As with the Employer Training Pilots, there may be various approaches, including directly employed staff, outsourcing to Business Link, or outsourcing to third parties.
- d. Within their overall approach, the RSP partners will identify the place of sector-specialist brokers. For example, one existing model used in some Employer Training Pilots is to train brokers by broad economic sector, so that the brokers focus on working with the employers in their sector, linking them to the range of support available from the SSCs and Sector Skills Agreements as they come on stream.
- e. The RSP partners will collaborate in sharing information on delivery programmes and performance. For example, Jobcentre Plus has a rich source of information and direct contact with employers about their vacancies and staffing needs, which should help the LSC in planning training supply to help local people gain the skills to fill local jobs.
- f. We need to tackle the confusion caused by different public organisations approaching employers in unco-ordinated ways to seek their views and offer services. The public organisations need to improve the way they share information between themselves, in order to reduce the burden on business. The principle of 'collect once, use many times' should apply. One model is the Regional Observatory, which can act as a shared resource collecting, co-ordinating and analysing information on behalf of all the RSP partners about the needs and priorities of business in the region. The RSP partners need to agree how they will work together in their approach to contacting customers and helping those customers get easy access to the service they want.

Raising Public Awareness Through Marketing and Promotion

294. Achieving our Skills Strategy objectives depends on employers and individuals having a better understanding of the skills and training support available to them. That requires more effective promotion.

295. Together with the key partners who have an interest in marketing, we will bring a new coherence to the way in which training and skills are promoted. We will:

- a. With the LSC develop a national marketing campaign to employers based around the National Employer Training Programme and brokerage services, building on the successful regional and local marketing of the current ETPs.
- b. Continue the national marketing campaign of the Skills for Business Network, helping employers to understand the importance of training.
- c. Develop a national promotional campaign for adults setting out the package of support available from basic skills to Level 2 and beyond. That will build on the 'Get On' campaign around basic literacy, language and numeracy skills for the Skills for Life programme.

- d. Continue to market Apprenticeships and Foundation Degrees as related, but distinct, parts of the package of support for young people and adults.
- e. With LSC and Ufi **learn**direct, develop a nationally-recognised brand for the reformed adult information and guidance service set out in Chapter 4.
- f. Develop a marketing campaign to raise public understanding of the QCA's proposed Framework for Achievement, and how it will help both young people and adults build up their record of achievement.

Celebrating Skills Success

296. As a nation, we are accustomed to celebrating academic success. By comparison, success in skills gets little attention or celebration. Yet it is every bit as important for our future. So we want to develop new ways of raising the profile of skills, by celebrating excellence and achievement by individuals, employers and those who deliver outstanding skills training.

297. There are two organisations whose remit is to assess and recognise achievement in training and skills in the nation's workforce. Investors in People UK accredits organisations which demonstrate that they are committed and effective in developing their people. The Investors in People brand is well-established and highly regarded. UK Skills runs the National Training Awards, and supports national and international skills competitions. The performance of the UK team at the 2003 Worldskills competition in Switzerland was encouraging, with the UK team winning four medals. The National Training Awards are the leading programme for identifying individuals who achieve excellence in gaining skills through training. UK Skills also administers the selection and award arrangements for Learning and Skills Beacon status.

298. There is a lot of potential to bring together the strengths of Investors in People UK and UK Skills to give stronger recognition and higher public profile to both individual and corporate achievement. We want to develop a coherent set of skills competitions and awards, operating at local, regional and national level. It should cover all the main levels of skills achievement – basic skills, Level 2, Level 3, Apprenticeships and Foundation Degrees. It should encourage progression from each level to the next. As part of that national framework, each SSC should have a programme to identify and celebrate skills in its sector. These individual awards and the corporate Investors in People awards need to complement and reinforce each other.

299. Recognising the strength of their shared interests, the Investors in People UK Board and the UK Skills Board recently announced that they have initiated discussions about the potential merits of a closer working relationship, partnership or merger. A joint steering group has been established to examine the business case, with conclusions on the way forward expected around the end of July 2005.

International

300. A fundamental driver of the Skills Strategy is the need to raise our national economic competitiveness. But there is also an important international dimension to skills, namely the contribution the Skills Strategy can make to the economic reform agenda of the European Union.

301. The EU heads of Government agreed in 2000 an ambitious economic reform agenda, known as the 'Lisbon Agenda' to make the European Union the most competitive knowledge-based economy in the world. Skills and lifelong learning were recognised as being central to achieving that goal.

302. Progress in achieving the Lisbon agenda has been patchy. Wim Kok's report on the performance of Member States so far was frank in its assessment of how much remained to be done³². He identified 14 key indicators of progress, with an assessment of each Member State's performance. Although on several indicators we start from a lower base than our EU partners, in others we are well positioned, and our national Skills Strategy gives us a sound basis for taking the necessary further steps. We believe the actions set out in this White Paper address the key areas for development to meet the Lisbon priorities on skills.

303. The DfES commissioned Will Hutton, Chief Executive of the Work Foundation and rapporteur to the Wim Kok second report, to review the UK's performance in relation to the Lisbon agenda³³. His findings have been reflected in this White Paper.

304. Effective skills and qualifications programmes can help to lever up economic performance in ways that would accelerate the Lisbon process. With this in mind, we will seek to work with our EU partners during our Presidency to take forward the following priorities:

- a. To draw together an agreed assessment of the impact of skills on productivity.
- b. To share best practice about employer engagement and sector skills development between Member States.
- c. To take forward the debate on new approaches to funding and raising quality in higher education, to enhance its international attractiveness and improve the mobility of students and staff.
- d. To pursue existing European interests in qualifications reform, notably:
 - i. Building on the experience of developing the QCA's proposed Framework for Achievement, we will pursue the development of a European Qualifications Framework and a European Credit transfer system for Vocational Education and Training. This framework, introduced on a voluntary basis, should support labour market mobility. The Europass, launched in February, provides a standardised portfolio of documents to help individuals present their skills and qualifications in a way that will be recognised in other Member States.
 - ii. Through the Bologna process, an inter-governmental initiative signed by Ministers in 1999, we will seek to improve the compatibility and recognition of qualifications, promote student and teaching staff mobility and encourage co-operation on quality assurance. We will encourage the higher education sector to foster links with European partners. We will host the 2007 Ministerial Summit in London.
 - iii. Working with European partners to agree a Directive on the recognition of professional qualifications. It brings together 15 existing Directives covering a range of occupations from hospital consultants to gas fitters, and will help individuals have their professional qualifications recognised throughout Europe.

³² "Facing the Challenge: The Lisbon strategy for growth and employment. Report from the High Level Group chaired by Wim Kok," European Commission Publications Office, November 2004

³³ *Where are the Gaps? An Analysis of UK Skills and Education Strategy in the light of the Kok Group and European Commission Mid-term Review of the Lisbon goals*, Work Foundation, 2005 see www.dfes.gov.uk/skillsstrategy

Chapter 7

Delivery Plan

1. With our partners in the Skills Alliance, we will track delivery of the commitments in this White Paper, to ensure effective implementation. The key measures of success in delivering the strategy are:

- a. All young people to reach age 19 ready for skilled employment or higher education.
- b. Increase the number of adults with the skills required for employability and progression to higher levels of training through:
 - i. Improving the basic skill levels of 2.25 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million in 2007; and
 - ii. Reducing by at least 40% the number of adults in the workforce who lack NVQ 2 or equivalent qualifications by 2010. Working towards this, one million adults in the workforce to achieve Level 2 between 2003 and 2006.
- c. By 2008, the numbers completing their Apprenticeship will rise by three quarters.
- d. By 2010, increase participation in higher education towards 50% of those aged 18 to 30 and also make significant progress year on year towards fair access, and bear down on rates of non-completion.

Theme	Key Commitments	Milestones	Date	Lead responsibility
Employers				
	National Employer Training Programme	Implementation of National Programme begins	2006/07	LSC/DfES
		Level 3 pilots begin	2006/07	
		NETP fully operational	2007/08	
	Supporting large and small employers	National Employer Service supports NETP delivery for large national employers	From September 2006	LSC
		Up to 17,000 employers from SMEs benefiting from leadership and management programme (as part of NETP)	March 2008	LSC

Theme	Key Commitments	Milestones	Date	Lead responsibility
	Sector Skills Councils	Last three Sector Skills Councils licensed, completing the Skills for Business Network (25 SSCs) First 4	Summer 2005	SSDA/Skills for Business Network
	Sector Skills Agreements	Agreements agreed	March 2005	
		Further 6 Agreements agreed	March 2006	
		Third wave of Agreements agreed	March 2007	
	Skills supply	SSCs report on review of skills supply in each sector	Summer 2006	DfES
	Skills Analysis	Lord Leitch long-term economic skills review published	By Spring 2006	HMT/DfES
	Skills Academies	Prospectus issued for Skills Academies	Summer 2005	DfES/LSC/SSDA/DTI
		First Skills Academies go live	September 2006	
	Government playing its part	Government Departments report progress on implementing skills development plans	July 2005	Government Departments
		Public Procurement guidelines published	September 2005	DfES/OGC/DTI
	Trade Unions	Union Academy established	April 2007	DfES/TUC
		22,000 Union Learning Representatives	2010	TUC

Theme	Key Commitments	Milestones	Date	Lead responsibility
Learners:				
From Basic Skills to Higher Education	Basic Skills	Stronger focus on basic skills to Level 2 in NETP, Ufi learndirect , training for Jobcentre Plus clients, and training for offenders	2006	DfES, LSC, Ufi, Jobcentre Plus, HO
		Units on basic skills embedded in proposed Framework for Achievement	From 2006	QCA, LSC
		New functional competence modules on English and maths published	2008/09	DfES/QCA
	Level 2 entitlement	National roll-out of L2 entitlement	2006/07	DfES/LSC
	Support for Level 3	RSPs review use of Level 3 funding to meet regional and sectoral priorities	Autumn 2005	RSPs
		Level 2 entitlement and NETP support progression for Level 3 “jumpers” Trial	2006/07	DfES/LSC
		of Level 3 brokerage in NETP	2006/07	DfES/LSC
	New Deal for Skills	8 Skills Coaching and Skills Passports trials	April 2005	Jobcentre Plus/DfES/ DWP/LSC DWP/Jobcentre Plus DWP/DfES/ LSC
		Learning Options trial	April 2006	
		Decision on national implementation	2007/08	
	ICT	New ICT entry-level qualifications	From September 2005	
		ICT teaching and learning Framework	Autumn 2005	DfES

Key	Milestones Commitments	Date	Lead responsibility	
Supporting Progression	Adult Learning Grant	National availability of Adult Learning Grant (subject to evaluation)	2008/09	LSC
	Reformed guidance for adults on careers and training	Pilot call centre service to offer intensive personal support	2006	DfES/Ufi/ Jobcentre Plus/ LSC/DWP/DTI
	Support for progression	Introduction of QCA learner record	2007/08	QCA
	First steps, personal and community development learning	Testbed Learning Communities programme complete	March 2006	DfES/ODPM/ GOs
		LSC introduce new arrangements for funding of leisure and personal development programmes	August 2006	LSC
	Equality and diversity	Women and Work Commission report to Prime Minister	Autumn 2005	DTI/Women and Work Commission
		liP Standard to address issues on equality of opportunity	2007	liPUK/Equalities Commissions
	Childcare Strategy implemented including offering free childcare and out of school care	2010	DfES	
Reforming Supply of Training and Skills				
	Qualifications Reform	8 Sector Qualifications Strategies complete	March 2005	QCA/SSDA/ LSC
		QCA publishes Framework for Achievement	April 2005	
		Consultation report Strategies complete for remaining SSCs and non-SSC sectors	December 2006	
		Framework for Achievement complete	December 2010	

Theme	Key Commitments	Milestones	Date	Lead responsibility
	Funding training provision	LSC introduces first stage of fee reform and income targets	September 2005	LSC
		Second stage of funding reform for fees and introduction of NETP and Level 2 Entitlement	September 2006	
		Third stage of funding reform	September 2007	
	Building capacity of training providers	LSC "Agenda for Change" exercise reports conclusions	Summer 2005	LSC
		Foster report on the role and contribution of FE colleges	Autumn 2005	DfES/LSC
		New evaluation criteria for FE college inspection	2005/06	DfES/ALI/Ofsted
		New success measures for provider responsiveness to employers' and learners' needs launched	April 2006	LSC
		All new success measures for judging provider performance fully implemented	Autumn 2006	LSC

Theme	Key Commitments	Milestones	Date	Lead responsibility
	Supporting quality provision	Phase 2: Success for All teaching and learning frameworks launched	September 2005	DfES/QIALL
		Quality Improvement Agency for Lifelong Learning established	April 2006	DfES
		Phase 3: Success for All teaching and learning frameworks launched	September 2006	DfES/QIALL
	Workforce Development	Leadership qualification required of all new college principals	From September 2007	DfES/CEL
		National network of Centres for Excellence in Teacher Training established	2007	DfES
		Fully qualified FE teaching workforce	2010	DfES/LSC

Partnerships for Delivery

	Regional Skills Partnerships	All Regional Skills Partnerships established	April 2005	LSC/RDA/SBS/SSDA/JCP
		RDAs manage Business Link services	April 2005	
		RSPs report back on White Paper remits on brokerage, 14-19, Level 3 and HE	Autumn 2005	
	Skills Alliance	Skills Alliance Conference on Progress	July 2005	Skills Alliance

Annex 1 Response Form

We welcome your comments on the Skills Strategy, as updated and revised in this White Paper. You may also wish to comment on the Regulatory Impact Assessment for the Skills Strategy. This is available on the Department for Education and Skills website at www.dfes.gov.uk/ria

The information you send to the Department for Education and Skills may be shared with colleagues within the Department and/or published in a summary of responses made to the White Paper. We will assume that you are content for us to do this and that, if you are replying by email, your consent overrides any confidentiality disclaimer that is generated by your organisation's information technology system. If you do not wish your comments to be published as part of a summary, then please request this in the main text of your response.

The Department may, in accordance with the Code of Practice on Access to Government Information, make available on public request, individual responses. This will extend to your comments unless you inform us that you wish them to remain confidential.

Please insert 'X' if you want to keep your response confidential

☐

Name

Organisation (if applicable)

Address

If you have any enquiries about this consultation or the Skills Strategy, please contact the Public Communications Unit:

Telephone: **0870 000 2288**
Email: **info@dfes.gsi.gov.uk**

Please insert 'X' in **one** of the following boxes that best describes you as a respondent.

- | | |
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| <input type="checkbox"/> Work-Based Learning Provider | <input type="checkbox"/> College or Training Provider |
| <input type="checkbox"/> Trade Union | <input type="checkbox"/> Learning and Skills Council |
| <input type="checkbox"/> Individual | <input type="checkbox"/> Voluntary Organisation |

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<input type="checkbox"/> Representative Body	<input type="checkbox"/> School
<input type="checkbox"/> Sectoral Body	<input type="checkbox"/> Higher Education Institution
<input type="checkbox"/> Other (Please specify)	<input type="text"/>

We welcome your comments on the Skills Strategy:

Comments:

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply

☐

At the Department for Education and Skills we carry out our research on many different topics and consultations. Your views are valuable to us. Please indicate using the boxes below if you would be happy to be contacted again from time to time either for research purposes or to be sent consultation documents.

<input type="checkbox"/> Yes	<input type="checkbox"/> No
------------------------------	-----------------------------

Thank you for taking time to respond to this consultation.

Completed responses should be sent to the address shown below by **24 June 2005**. Please send your response to: **Consultation Unit, Department for Education and Skills, Area 2A, Castle View House, East Lane, Runcorn, Cheshire, WA7 2GJ.**

Or by email to skillswhitepaper.comments@dfes.gsi.gov.uk



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